

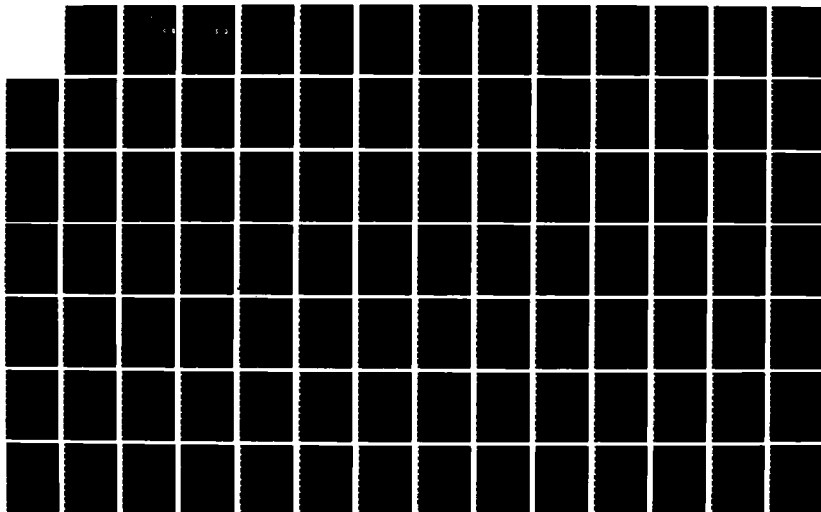
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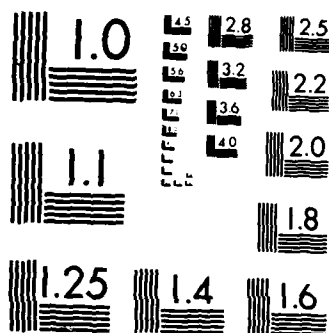
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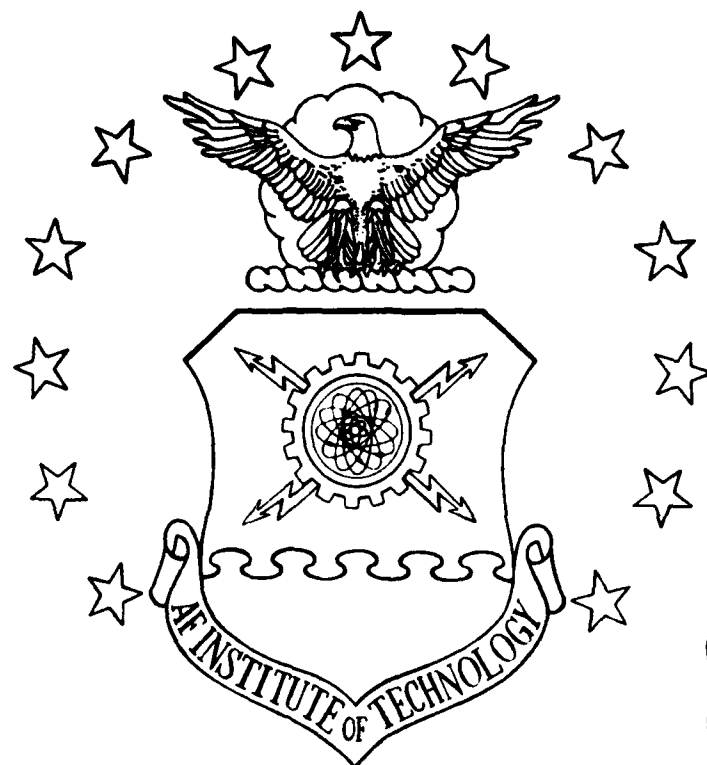
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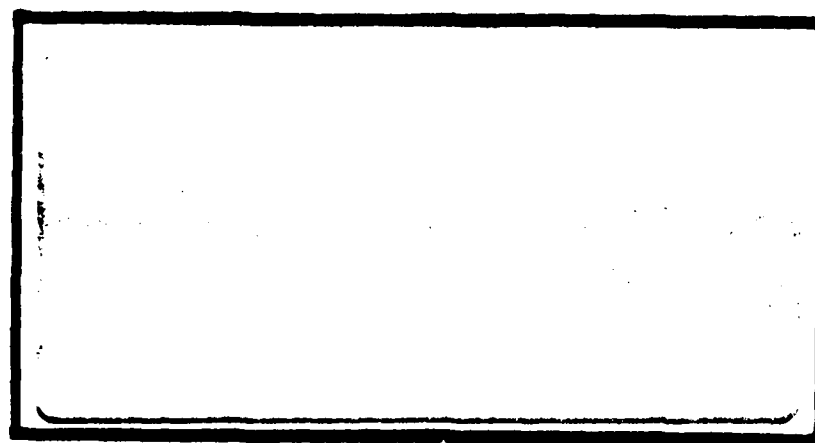


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ROLE OF U.S. SECURITY ASSISTANCE IN
MODERNIZING THE PORTUGUESE ARMED FORCES:
A HISTORICAL ANALYSIS

THESIS

Robert S. Heinicke
Lieutenant Commander, USN

AFIT/GLM/LSM/86S-32

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THE PORTUGUESE ARMED FORCES:
A HISTORICAL ANALYSIS

THESIS

Presented to the Faculty of the School of Systems and Logistics
of the Air Force Institute of Technology

Air University

In Partial Fulfillment of the
Requirements for the Degree of
Master of Science in Logistics Management

Robert S. Heinicke, B.S.

Lieutenant Commander, USN

September 1986

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Robert S. Heinicke

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Abstract

This report traces U.S.-Portuguese relations from 1943 to the present. Today, the U.S. Security Assistance Program translates U.S. aid into resources and is improving Portugal's security by modernizing its armed forces. Strengthening Portugal's military to assume their proper role in NATO also enhances U.S. security.

The analysis was accomplished by review of available, accessible literature. Relevant data was identified and amplified by interviews with security assistance experts and with experts on Portugal. A recursive process of reviewing U.S. Government reports, books, theses, and other publications, revealed the historical basis for the current U.S.-Portuguese alliance, and the acute, on-going need for assistance to develop Portugal's military. The results of this research clearly indicate the importance of the Azores bases as a key link in the U.S. ability to respond to threats around the world.

ROLE OF U.S. SECURITY ASSISTANCE IN MODERNIZING
THE PORTUGUESE ARMED FORCES:
A HISTORICAL ANALYSIS

I. Introduction

Our security and economic assistance programs are essential instruments of our foreign policy and are directly linked to the national security and economic well-being of the United States. They must be seen in the context of our priority effort to reestablish the fact and the perception among our friends and allies that we are a reliable partner--that we have the capacity and will to build international peace, foster economic growth, and sustain mutual security (11:1-1).

Secretary of State George F. Schultz
28 February 1983

Overview

The U.S. emerged from World War II as the dominant country of the world. To promote restoration of order and war-torn lands, many nations looked to the U.S. for assistance. Post-war U.S. aid programs like the Marshall Plan and Lend-Lease provided invaluable assistance, but could not stem the tide of unrest nor restore world prosperity by unilateral U.S. action. Today, security assistance reflects a realization that preserving U.S. security at home and abroad means, as Andrew K. Semmell accurately states, "helping others to help us" (10:13). Such is the case with Portugal, which remains a close friend and NATO ally of the U.S.

U.S. security assistance to Portugal is tied to the firm

belief that Portugal will remain committed to the U.S. and NATO, and to the geographic importance of the Azores bases within the Portugal triangle - that Atlantic area from the Iberian Peninsula westward to the Azores and Madeira Islands, and back. U.S. "stated" security assistance goals include promoting regional stability and democratic processes, as well as strengthening (Portugal) to resist both external and internal threats. The U.S. desires to have access to and control of the "triangle" assisted by a free democratic Portugal in its traditional, maritime role (35:5-6).

This chapter introduces the general issue and specific issue, justifies the study, and identifies the research questions and scope of the study, explains the research methodology, and concludes with a plan of presentation.

General Issue

Portugal is strategically important to the United States and NATO, especially its Azores and Madeira Islands bases which are essential for a U.S. response to threats in Europe, the Middle East, Africa and Asia. U.S. security assistance provides aid necessary to improve the Portuguese armed forces and their role in NATO, to promote economic improvement, and, thereby, to strengthen their democracy. As a poor European nation which suffers from economic problems and political unrest, Portugal remains a dependable U.S. ally, and the U.S., in turn, provides many resources to Portugal.

Specific Issue

This thesis explores U.S. involvement with Portugal from World War II to the present. Throughout this period, the level of security assistance has served as a barometer of U.S. foreign policy in the region (Portugal), and has been a source of much needed resources for the Portuguese to improve their military forces and capabilities, and to strengthen and preserve their democracy. This study focuses on Portugal's recent turbulent history, military involvement, and the need for modernizing and rebuilding their military capabilities. The specific issue to be examined in this study is: What is Portugal's modernization plan for building and maintaining a military capability to defend against internal and external threats and meet its NATO commitments?

Justification for the Study

Portugal has remained a close friend and ally of the U.S. since World War II. Despite its avowed neutrality, Portugal granted the U.S. access to the Azores in 1943, and has continued to allow the U.S. to use these bases ever since, despite political differences, revolution, and conflicting foreign policy goals between the two nations. In his 1964 thesis, David Rennie quoted from a history of the USAF in Europe regarding the importance of Lajes Air Base in the Azores:

Lajes is.....'the single most valuable facility which the United States Government is authorized by a foreign government to use' (32:1).

The advent of longer range U.S. transport aircraft does not seem to have altered Lajes' importance. In exchange for the use of Lajes, the U.S. provides "security assistance" aid, and more to Portugal. U.S. defense arrangements with Portugal support its efforts to defend itself and participate more as an equal partner in the NATO alliance.

Despite the importance of Portugal and the Azores to the U.S. and NATO, there is a paucity of current literature which addresses the subject of this study.

Research Questions

In order to examine the primary issue of the study, the following investigative, or research, questions were developed to narrow the research into a more manageable and achievable, but worthwhile goal. The investigative questions are:

- 1) How did the United States and Portugal become closely allied?
- 2) What are the internal and external threats to the Republic of Portugal that lead to U.S. security assistance?
- 3) What is the modernization program of the Portuguese armed forces?
- 4) What is the present force composition and readiness of the Portuguese armed forces?
- 5) How does U.S. security assistance help Portugal achieve its modernization goals?
- 6) What major items are to be delivered to the Portuguese armed forces, under present agreements, through the next five years?
- 7) Can Portugal afford its modernization program, and, by linkage, the U.S. security assistance program?

- 8) Are there other sources of aid (i.e., NATO) for Portuguese armed forces modernization?

Scope and Limitations

This study addresses all elements of U.S. security assistance to Portugal, but concentrates most upon the DOD administered programs, and addresses State Department administered programs to the extent that these have had an effect upon the Portuguese armed forces modernization. The seven major elements of the U.S. Security Assistance Program are described later in this chapter, but specific security assistance mechanics, procedures, cases, etc. are not discussed. Three related security assistance programs, administered by the DOD, are briefly mentioned; however, these programs are only indirectly addressed later.

As Portugal's NATO role is one of two primary missions for its military, NATO support to Portugal is also addressed.

Portugal's arms industry provides support and capability for its developing armed forces, and is also involved in defense industrial cooperation (DIC) with the U.S., and is, therefore, also addressed.

Because of time and scope limitations, only political and economic events relating directly to or affected by the military considerations are discussed. The brief profile of Portugal's history contained in Chapter II describes particularly relevant events affecting current events and the modernization program.

The current "in country" portion of U.S. security assistance, managed by the U.S. Military Assistance Advisory Group (U.S. MAAG) is not discussed; however, articles and reports prepared by U.S. MAAG personnel, and a personal interview with the Chief, U.S. MAAG-Portugal, were very helpful to this research effort.

This study is intentionally limited to unclassified, unrestricted material and data sources to allow widest dissemination of the report and to avoid any (potential) security violation.

What is Security Assistance?

Joint Chiefs of Staff Publication 1 (JCS Publication 1, Department of Defense Dictionary of Military and Associated Terms) defines security assistance as:

A group of programs authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act of 1976, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense related services, by grant, credit or cash sales, in furtherance of national policies and objectives (11:2-4;41:B-15).

For the purpose of this report, security assistance is defined to include the following seven programs (or components):

- 1) The Military Assistance Program (MAP), by which defense articles and related services, other than training, were provided to eligible foreign governments on a grant basis and grant funding is now provided for the purchase of defense articles and services.

- 2) The International Military Education and Training (IMET) Program, by which training is provided in the United States and, in some cases, in overseas U.S. military facilities to selected foreign military and related civilian personnel on a grant basis.
- 3) The Economic Support Fund (ESF) is authorized by Chapter 4 of Part II of the Foreign Assistance Act and was established to promote economic or political stability in areas where the United States has special political and security interests and has determined that economic assistance can be useful in helping to secure peace or to avert major economic or political crises. ESF is a flexible economic instrument which is made available on a loan or grant basis for a variety of economic purposes, including balance of payment support, infra-structure and other capital and technical assistance development projects...the ESF also provides for programs aimed at primary needs in health, education, agriculture and family planning. Congress has made it clear that funds from this account, to the maximum extent possible, should be used for development and to support equitable growth that meets the basic needs of the poor.
- 4) Peacekeeping Operations (PKO) is authorized by Chapter 6 of Part II of the Foreign Assistance Act and was established to provide for that portion of Security Assistance devoted to programs such as the Multinational Force and Observers (MFO), the U.S. contribution to the United Nations Forces in Cyprus (UNFICYP).
- 5) The Foreign Military Sales (FMS) Financing Program, by which credits and loan repayment guarantees are provided, to enable eligible foreign governments to purchase defense articles, services and training. These credit financing programs, which are authorized by Sections 23, 24 and 31 of the AECA, provide an effective means for easing the transition of foreign governments for grant aid (i.e., MAP and IMET) to cash purchases....now consists of 'direct credit loans'. This program involves credit extended directly from DSAA (Defense Security Assistance Agency) to a foreign government.
- 6) Foreign Military Sales (FMS) and Foreign Military Construction Sales Program. FMS is a program through which eligible foreign governments purchase defense articles, services, and training from the United States Government (USG). The purchasing government pays all costs that may be associated with a sale....

Foreign Military Construction Sales, as authorized by Section 29 of the AECA, involve the sales of design and construction services to eligible purchasers.

- 7) Commercial Sales Licensed under the AECA - an element of security assistance for Congressional oversight purposes....a commercial sale licensed under the AECA is a sale made by U.S. industry directly to a foreign buyer....the sale transaction is not administered by DOD and does not involve a government-to-government agreement. Rather, U.S. Government 'control' procedure is through licensing by the Office of Munitions Control, Department of State (11:2-11 to 2-16).

Within the Security Assistance Program, the Department of Defense (DOD) is responsible to administer:

- 1) The Military Assistance Program.
- 2) The International Military Education and Training Program.
- 3) The Foreign Military Sales Financing Program.
- 4) The Foreign Military Sales and Foreign Military Construction Sales Program.

The Department of State is responsible to administer:

- 1) The Economic Support Fund.
- 2) Peacekeeping Operations.
- 3) Commercial Sales Licensed under the AECA.

There are several related programs, administered by the DOD, in addition to the seven major programs discussed above, which include:

- 1) Excess Defense Articles (EDA) Program.
- 2) Stockpiling of Defense Articles for Foreign Countries.
- 3) Special Defense Acquisition Fund (SDAF) (11:2-16 to 2-18).

The key DOD source for information and instruction on security assistance is the Security Assistance Management Manual (SAMM), DOD 5105.38-M of 1 April 1984, latest change

transmittal 1 March 1986. This document provides guidance for all DOD managers at all levels for administering the security assistance program (41:Foreward).

Security assistance terms vary in meaning across DOD institutions. DISAM writers observe that security assistance:

In addition to being an umbrella term, is also an elastic term with less than absolutely defined limits or boundaries. To further confuse matters, the term 'security assistance' is occasionally used in a parallel context with other equally elusive terms, such as foreign aid, foreign assistance, military assistance, arms transfers, international defense cooperation, and international logistics (11:2-2).

The DISAM experts further note that the "definitional dilemma" will probably continue, and not bother those "experts" working in security assistance, but confound those newcomers to the field. The best approach, therefore, is to follow the context (of usage) for each term very closely, especially across DOD organizational boundaries (11:2-10,2-11).

Perhaps the clearest definition for security assistance is summed up in the SAMM, simply meaning the sale, grant, lease or loan of military and economic assistance to friendly (foreign) governments (41:1-4).

Methodology

Data for this study was collected primarily by review of available, accessible literature. Using this method, data was not "created" per se, but "discovered" by relevancy as "soft data". This information was supplemented by interviews

with security assistance experts at DSAA, HQ USAF, DISAM, AFLC/ILC (International Logistics Center) and with Portuguese experts, Col Martins and Col O'Neill, and was used to amplify and explain information gained from the literaturea recursive process. As noted previously, there is not a large amount of current material written on this subject, and much of the information that does exist was written before 1976. The following paragraphs identify the key documents used to carry out this research.

Literature Review

The following paragraphs summarize the literature review, organized as follows: security assistance; NATO involvement; Azores bases; Portuguese armed forces and modernization; DTIC review; and DISAM literature.

According to the Congressional Presentation Document (CPD) for FY 1987, U.S. foreign policy goals in Portugal include:

- Enhancing cooperative defense and security.
- Fortifying defense cooperation.
- Supporting democratic institutions and processes.
- Promoting economic reform.

Demonstrating U.S. good faith on agreements (40.II:110).

Security assistance objectives include:

- Help modernize the military to support Portugal's NATO missions.
- Enhance military capability to protect air and sea lines of communication in Portugal triangle.
- Support acquisition of air defense system for Azores.
- Upgrade ASW defenses (40:II:110).

Numerous studies regarding Portugal's involvement in

NATO have been completed: Wing Commander Alan Parkes, 1976 (28); Luc Crollen, 1973 (9); a U.S. Congressional Subcommittee, 1977 (39); Edward M. Sniffin, 1982 (36); Bradford Dismukes and Charles Petersen, 1980 (14); Tad Szulc, 1976 (37); I. W. Zartman, 1976 (49); and Albano Nogueira, 1985 (25). All authors agreed upon the following issues/senarios: the geographic importance of the Portugal triangle, especially the Azores; the minor role played by Portuguese armed forces in the past; and for the future, no change in importance of the Azores, and a somewhat larger NATO role being played by the Portuguese military after modernization. Luc Crollen contends that the Portuguese joined NATO primarily for prestige reasons, in addition to recognizing the need to band together against communist threats to security. Additionally, Crollen examined economic costs and gains to NATO membership, and Portugal was (and is still) an economic paradox, struggling, but possessing "the right stuff" for solvency. He asserts that economic aid was not the primary reason that Portugal allowed U.S. use of the Azores or entered NATO, a thesis he said was supported by higher U.S. non-military assistance to Spain: Portugal's 186.3 million between 1946-1966, versus Spain's 929 million between 1951-1959 (9:96). But, with each passing around of U.S. basing rights negotiations during the 1960's, U.S. economic aid increased, despite the military aid decreases, thus allowing more resources to still pass onto the Portuguese military (9:97). Tad Szulc contends that Portugal has been of lesser importance to NATO

because it has contributed little to the alliance other than base rights; also, he envisions diminishing Azores base returns, due to political uncertainty in Lisbon (37:83-87).

Col Norman Smith of MAAG-Portugal asserts that U.S. interest in Portugal (Azores) transcends all economic, political and democratic issues (35:5). Professor William Zartman, in his paper presented to the seminar on national policy issues and Portugal in 1976, agrees that economic interests were not primary, but "geopolitical and ideopolitical" (49:47).

Azores bases have been the subject of various reports, books and theses. A U.S. congressional subcommittee report in 1977 focused on U.S. Mediterranean bases and objectives. Base usage is granted to the U.S. forces during peace time, with an attendant conflict occurring over potential usage for other military purposes, e.g., U.S. using Lajes for Israeli resupply in 1973, for non-NATO purposes, or for rapid deployment forces (RDF) (39:10). Regaining rights into Morocco and expanded rights into Spain were considered unlikely then. Lajes served anti-submarine warfare (ASW) operations, staging and logistics support, and communications. Portugal allowed C-141 and C-5 aircraft to stop there during the 1973 Israeli resupply (39:10-14). But this congressional report (and Luc Crollen's book) considered the ASW mission the most vital: sea control over a 1000 mile radius; the mid-point of a 4000 mile supply line to U.S. Sixth Fleet; and the center of activity for monitoring Soviet activity near Gibraltar (9:34, 77:39:12). Luc Crollen supported the strategic importance of Azores bases

in ASW operations during World War II. Their weather advantages, refueling capability, and bases which supported increased air coverage all aided the convey effort and ASW operations (21:42). Crollen also addressed the possible declining value of Azores bases resulting from longer range aircraft (C-141 and C-5); three Air War College research reports also explored this issue and concluded that the Azores bases still promoted U.S. airlift flexibility and did not lose importance (9:52,78,81;20;32;45). The 1977 congressional subcommittee report on U.S. military installations and objectives in the Mediterranean observed that the ASW mission supported by Azores facilities was considered to be the most vital, ahead of logistics operations, aircraft refueling, etc. (39:11-12). During the Israeli resupply of 1973, only Portugal of all U.S. allies granted airspace and base usage to the U.S. (39:12). However, Wing Commander Parkes reversed the Azores' importance, stating "its non-availability to NATO's potential enemies - so far!" as most important (28:26). In a 1976 seminar, Tad Szulc asserted that the Azores' strategic importance is less than Spain's in Iberia (37:9).

The Portuguese armed forces, modernization and politics, have been addressed by numerous military and civilian resources. Col Norman M. Smith of U.S. MAAG-Portugal in 1981 addressed U.S. security assistance, its history and direction as influenced by, rather than influencing, Portuguese military modernization. Col Smith foresaw a problem with U.S. aid interests pertaining to Portuguese military modernization - that is, U.S.

aid accompanied a primary geographic interest in Portugal, but politics oriented the Portuguese plan to improve their forces (35:6). Robert Harvey (1984) also reports on political overtones in the modernization, concluding that army ambitions are Portugal's major political problem (16:7). Erik von Kuehnelt-Leddihn in June 28, 1985 National Review relates that the Portuguese military played a dominant (political) role even during Dr. Salazar's 40-year regime, and may continue to do so in the future (44:38). John Keegan in World Armies (1979) addresses the military politicalization issue; plus the large proportion of the military size related to GNP and population (1974 time frame); and military command and constitutional status. He cautions not to rule out "the praetorian tradition" in Portugal which has always been strong and fostered discontent among radical army officers (19:584). Keefe et al., 1977, emphasizes that the armed forces "...remained [in 1975] the dominant element in a political system...torn by internal strife and turmoil" (18:371). Or, as the DMS analysis said, the military is "...the final arbiter of Portuguese politics and the ultimate guarantor of government stability" (12:III:2). Wing Commander Parkes also supports the assertion that real power in 1975 (Portugal) rested in the army members of the Armed Forces Movement (MFA, the coup leaders) (28:42). Professor Wartman also addresses the military involvement in politics and the economy in the 1960's (49:49-50).

Modernization and training issues were addressed by U.S. Government sources and others. Col Kevin J. O'Neill of U.S.

MAAG-Portugal focuses on general and Army-related issues (26). Portuguese Navy concerns are addressed by the DMS analysis and the O Tempo article (12;30). The Portuguese Air Force (PAF) modernization and training program is discussed by Col José C. Martins of the PAF (23), and by LtCol James E. Lambertus of U.S. MAAG-Portugal, in a 1985 report (21). He focuses on key PAF issues of training resource allocation, in particular, the UPT (undergraduate pilot training) funding issue. As noted in this report, the U.S. recently dropped IMET funding of UPT, but Portugal wanted it to continue.

The Portuguese continue to use the number of IMET UPT quotas as one of their key indicators in assessing how well we (U.S.) are honoring our pledge to assist the Portuguese armed forces modernization program. PAF needs and expects us to provide 13-15 IMET UPT quotas per year (21:12).

Mr. Charles E. Collins of DISAM, and others, also address this shift in U.S. policy on UPT training as a source of conflict between Portuguese and U.S. interests and U.S. security assistance policy (7;26;35). Additionally, Mr. Collins addresses the issue of "defense industrial cooperation" and Portugal's desire to perform in-theater repairs upon U.S. aircraft and ships (7:3).

A Defense Technical Information Center (DTIC) literature search also produced documents relevant to this study. A series of seminars on national security policy and Portugal during the tumultuous 1974-76 period was moderated by Riordan Roett with papers by I. William Zartman and Tad Szulc (34;37;49). Edward Sniffin's thesis addressed NATO command issues relating

to Portugal and the Spanish accession into NATO (36). Several studies regarding the general area of U.S. Security Assistance/ Foreign Military Sales (facts, economic considerations, policy/ procedures, Third World transfers) had limited use. The DTIC search produced five early theses/research reports on the Azores, NATO, Portugal and assessment of the 1974 revolution (1964-1976 time frame) (9:20;28;32;45).

The Defense Institute of Security Assistance Management (DISAM) provided numerous current documents with current, historical facts, and statistical data on Portugal's military and U.S. security assistance (general and specifically Portuguese):

- Congressional Presentation for Security Assistance Programs
- Defense Foreign Affairs Handbook
- World Military Expenditures and Arms Trade, 1973-1983
- World Military Expenditures and Arms Trade, 1985
- DISAM Faculty Trip Report
- DMS Market Intelligence Report
- U.S. Military Installations and Objectives in the Mediterranean (Congressional Subcommittee report)
- DISAM Newsletter
- Portuguese Air Force Fiscal Year 1986 IMET/FMS Training Program
- Security Assistance Management Manual
- "Portuguese Navy: A Naval Fleet that is Insufficient and Obsolete" (cy of Portuguese publication O Tempo, supplied by DISAM)
- Area Handbook for Portugal

Plan of Presentation

The information presented in this thesis is designed to provide the reader with a clear and simplified review of the role of U.S. security assistance in modernizing Portugal's

armed forces. The three subsequent chapters are presented in the following manner.

Chapter II, "Profile of Portugal", describes the Republic of Portugal - its history, geography, economy, political and governmental structure, and armed forces.

Chapter III, "Findings and Discussion", traces the origin of the military relationship between the U.S. and Portugal, details the numerous Azores base agreements, describes Portugal's NATO role and that of its armed forces, recounts particular aspects of American aid and U.S. security assistance, and finishes with a brief discussion of Portugal's arms industry.

Chapter IV, "Conclusion and Recommendations", specifically answers the research questions, and concludes with recommendations on areas for further study.

II. Profile of Portugal

Overview

This chapter presents a profile of the Republic of Portugal. Portugal, a NATO ally and close friend of the U.S., is important to the global security interests of the United States, particularly due to its strategic Azores bases. This profile of Portugal's geopolitical significance includes a review of general historical information, the geographic and social environment, economic characteristics, governmental and political structure, and the armed forces structure and capabilities.

Historical Background

The Latin word "Portucalense" described the country around the ancient Roman city of Portus Cale, evolving into the "Portugal" of today. Portucalense was part of the frontier of the kingdom of Leon, but not prominent until the twelfth century monarchy developed. Other than kingly allegiance, no natural boundaries, ethnical separation, language or other factors have satisfactorily accounted for Portugal's early, independent development (18:13).

The Atlantic Ocean inspired Portuguese maritime interest and subsequent worldwide exploration and colonization. Close proximity assured Spanish influence but, as noted below, the Portuguese have maintained a distinctly unique and independent character.

In the absence of an easily defined national character, it is impossible to determine which of the distinct regional characters is authentically Portuguese. Family oriented, generally apolitical, basically conservative and individualistic, the Portuguese is intensely patriotic but not public spirited. Forgetting whatever in it has been unpleasant, he is given to nostalgia for an idealized past. He tends to be phlegmatic but not practical in his political attitudes. Foreign influences are often rejected because they come from a mentality too different from his own to be assimilated (18:14).

Early settlers of the Iberian Peninsula (about 2000 B.C.) were from diverse areas of Africa and the eastern Mediterranean and gave the peninsula its name. Each populated area developed different inclinations - traders along the coasts; primitive tribes, Lusitanians, inhabited the north central areas and specialized as bandits. Celts from north of the Pyrenees mingled with the Lusitanians after 900 B.C. Influence of Phoenician and Carthaginian colonists was minimal upon the Lusitanians. It took the Romans nearly 200 years to consolidate their control over Iberia (renamed Hispania), having to overcome fierce resistance from such natives as Viriato, a popular figure in Portuguese folklore (18:16). After being defeated, the Lusitanians quickly succumbed to Roman influence. Cities were established at Portus Cale (Porto), Pax Julia (Beja), and Olisipo (Lisbon). Christianity took a while to take root, but, by the fourth century, was a strong civil-ordering influence.

In the fourth century, Swabians from Saxony and Thuringia settled in Lusitania (Middle Portugal) and Galicia (Northern Portugal), bringing their farming habits and shaping the small land-holding, agricultural tradition of the Douro-Minho area. Visigoths sent by the Roman emperor established control

over the Swabians, who continued to farm, but left the towns to the Luso-Romans (18:17).

The seventh century Moor invasion of Hispania brought the Islamic influence upon the dry areas south of the Rio Tejo. Additionally, crop irrigation and rotation, fruit-bearing tree grafting and other crafts and customs aided development (46:22). Visigoths, who remained Christians, and Jews, continued to influence the developing heterogeneous society.

By 1139, Afonso Henriques (son of a French crusader) consolidated control over the counties of Portugal and Coimbra, defeated the Moors at Ourique and declared independence from King Alfonso VII of Castile-Leon, thereby establishing his royal title and "Portugal's separate national identity...." (18:21;46:24,25).

Afonso Henriques' small kingdom, the Minho-Douro region, grew with the aid of European crusaders to include Lisbon (1:47). Some of these crusaders even remained, further enhancing the growing multi-cultural flavor (18:22;46:27). Also, ecclesiastical administration disputes between the archbishops of Braga and Toledo slowed the growth toward independence. "But, on the whole, the pattern of political Portugal was shaped almost entirely by king and clergy with the help of their faithful partisan" (22:45).

In twelfth century western Europe, Portugal was comparatively large and rivaled other kingdoms as Aragon and Navarre, but did not have a large craftsman class (46:28). Nobles and

clergy dominated. It was surprisingly homogeneous--land (soil, geography, climate), towns, cities, religion, politics, and language--covering the northern area of present-day Portugal (22:46). Lisbon became its official center of learning and government in 1298, but it already was the economic and cultural center long before, and was blessed by an excellent harbor. Keefe et al. observed:

The prominence of Lisbon ensured Portugal's future orientation toward the Atlantic, but the city, surrounded by the country's most productive area, grew at the expense of the countryside. It was not part of the Portuguese heartland and remained remote from it" (18:22).

King Dinis (1275-1325) declared Portuguese as the official language (in place of Latin) and promoted agricultural development (18:23). Forests in Leiria were planted to stabilize sand dunes, later providing timber for Portuguese ships (46:29).

Medieval Portugal's social and economic structure varied among regions. In the north, soldier yeomen held small parcels of land (villas) and divided these among heirs. Peasants paid rent on land farmed and formed collectives. Above the peasants were families subsidized by the king. In the central and southern regions, peasants continued to till the soil on diya (villas) overseen by military/clerical orders, and military aristocrats, "cavaleiros" (knights) and "escudeiros" (squires). The largest groups were "itinerant rural laborers" who worked with little or no status. Merchants gathered around castles and monasteries. Exports consisted mainly of wine, cork, honey, salt, olive oil and leather, but plague (1348-49) devastated

the economy and agriculture (18:24-26).

Despite Dinis' founding of a university, the Arabic influence and closeness to France, medieval Portugal remained isolated from intellectual developments. The church clergy was materialistic, lax and fought over control of the land (18:26;22:56). The peasants and their feudal existence were not affected.

English aid for the Order of Aviz in its dispute with Castilian contestants to the Portuguese throne marked the beginning of a 600-year alliance and trade between the two lands. Britain provided political security from outside (Spanish, French, later German) threats; Portugal had geographically strategic bases (33:83,84).

A. H. de Oliveira Marques described coastal development (post-1200's) as not contributing much to foreign trade and economic welfare of the country, but shaping the maritime orientation of Portugal (22:89). The rise and influence of Lisbon was previously mentioned, this growth establishing another fact in Portuguese history - the contrast between the potential of the city compared with most other areas in the country. Lisbon had such positive influences as: geography (harbor and central location), urban and commercial history, piracy, shipbuilding, navigation, defensible position, church center, and climate. Political and cultural ties to other European countries resulted from trade. Italian influence and money built up the Portuguese fleet. Yet Lisbon's importance in the growing international marketplace could not overcome

Portugal's lack of craftsmen. Economic pressures upon the local currency and prices made life more complicated and brought on more government intervention in all aspects of the growing Portuguese nation (22:90-97).

Expansion

Casting the Moors from the Iberian peninsula was not the end of the 700-year old conflict. Motivation for Portuguese expansion into Ceuta, Morocco and Africa in 1415 included: economic (controlling the spice trade), religious, cultural (spreading of Christianity), military (which Keefe et al. described as "...an outlet for the restless energy of the military aristocracy that had often before disturbed domestic tranquility"), and personal fame and fortune (18:28-29).

Prince Henry the Navigator was a driving force in the outreach. Although trade and economic profits were the primary motives, spinoffs were realized in improved ship designs, cartography, exploration, colonization, and, unfortunately, slavery (18:28-30;46:32-37). Portuguese explorers included Bartholomeu Dias, Vasco da Gama, Pedro Alvares de Cabral, and Afonso d' Albuquerque. Superior ships, guns, and strategic planning enabled these explorers to overcome Asian and Arab opponents and maintain Portuguese dominance. Profits from voyages were high, 300% and more, which benefited the aristocrats, but did little to change most of Portuguese society. Also, Lisbon grew too large to be supported by Portuguese agriculture, but fed on overseas trade, food and goods. Industry was not developed (18:35). Consequently, trade could not be expanded,

profits dropped, shipbuilding could not replace ships lost fast enough or meet expansion needs, and manpower was insufficient to meet attrition and competition. Keefe et al. points out that, during the 1500's, 40,000 were stationed in foreign lands; 2,500 per year shipped out with an attrition rate of 800 plus--all of this from a total Portuguese population of 1,500,000 (18:36).

Under Hapsburg rule, the Portuguese benefited from contact with Spanish colonies, but remained basically independent and suffered overall by association with the Spanish and being subject to attack (in its colonies) by Spain's enemies. Hence, Portugal chose its colonial association over Hispanic ties, a choice which "....some historians have argued....condemned Portugal to be a small, underdeveloped country, dependent on England for survival" (18:38).

Control over the Madeira Islands was wrestled back from Castile by 1420, but the Portuguese lost control over the Canary Islands in 1480 (22:145-148). Almost by accident, Portuguese explorers, while trying to avoid Castilian pirates in the Canaries, discovered the Azores Islands--Santa Maria, Sao Miguel, Sao Jorge (San Giorio or San Zorzo), Terceira, Pico (Sao Luis), Faial (Sao Dinis), Corvo (Corvi Marini), Flores and Graciosa. The origin of the word "Azores" is confused: "acores" means "goshawk" in Portuguese, and "raca" is Arabic for bird of prey. Actually, the Portuguese explorers were more interested in the West African coast, but soon reached as far west as Brazil and the Antilles, Newfoundland

and Greenland, East Africa and Macao. They even produced accurate charts on Atlantic winds and currents (22:148-151).

The Portuguese empire by 1600 consisted of a tangle of political and commercial interests in Asia, Africa and Brazil. Asian interests were tea, spice, silk and gems, but these were secondary to the East Indies and African interests administered by Goa. Numerous alliances and security pacts were made with African kingdoms, such as the Congo and Angola (18:39,40). Gradually, Portuguese interests shifted to Brazil and coffee. When gold was discovered in Brazil in 1687, Portugal actually became "...the dependent parent of her colonial offspring" (18:40).

The 1800's

The availability of gold, and an economy built around colonial trade, hampered the development of Portugal's domestic agriculture and industry, but resulted in close commercial ties with England. This British connection was translated into military aid during the Napoleonic wars, when a British army forced occupying French forces to release Portugal and eventually caused their removal from Spain. Then the British helped reorganize the Portuguese army, and the British commander, William Carr Beresford, stayed in Portugal to rule as regent--the royal family had earlier fled to Brazil when the French had invaded in 1807. This situation--an English officer in power with the King (Joao VI) content to stay in Brazil--upset the middle class, commercial oligarchy and officer

corps, the latter taking the lead in establishing a temporary junta reconvening the Cortes (parliament) and making a new constitution (1822) (18:39-42; 46:56). Political conflicts between the Cortes and King Joao, with British support, resulted in Brazil being granted independence, an act which further enhanced political unrest. Soon the army supported the claim to power by Pedro, who had returned from Brazil, because they were dissatisfied with civilian rule. Events following were significant. Because the church had supported the loser in the civil war, religious orders were abolished, church property was expropriated with some being sold to pay off debts (as the church owned over 25% of the land, a new class of wealthy landowners resulted), and local governments were restructured to emphasize the cities and give political power to the "liberal" middle class over conservative rural landowners. Coalitions, "shared patronage", periodic revolts by the politically-minded army, regular British/French intervention to protect their investments--these all marked nineteenth century Portugal (18:44-45).

Political parties alternated in power (rotativism) but were never able to carry out the government's programs. Consequently, industrialization did not occur. Lack of resources, skills, technology, specialized agricultural exports and the re-exporting of goods from its colonies were too much to overcome. Foreign debt (outside investments) caused vicious, debilitating cycles upon Portugal's internal development and economy, although the banks did well on their foreign

investments. Despite all the economic turmoil of the 1800's, Keefe et al. described what this writer calls "the Portuguese character" - order amidst disorder:

Despite chronic economic problems, later nineteenth-century politics was remarkably free from radical pressures. Socialism and republicanism had little appeal among a people so overwhelmingly depoliticized and untouched by events abroad. The royal family was respected and admired for reflecting the virtues of the liberal oligarchy, and the crown exercised considerable political influence within the framework of the constitution (18:46).

Winds of Change

Portugal lacked the force necessary to exercise tight control over its colonies in Africa. As a result, stronger powers predominated in many territorial claims - Belgium (Congo), Britain and Germany (Rhodesia, part of Mozambique). Loss of control (and trade profits) over these areas, plus the events in Brazil, seemed to stir nationalism at home and a desire to return to the prestige of former days. Republicans were characterized as being "the party of urban, middle-class radicalism, nationalistic, libertarian, and intensely anticlerical in temper" (18:48). Mutiny aboard two ships in 1910 was supported by the army, and the government fell. A constitution in 1911 established the Portuguese Republic and parliamentary form of government. Equality and civil rights were supposedly guaranteed, but voting rolls were reduced, an apparent political ploy of the party in power. Political turmoil (strikes and riots) continued even as World War I occurred. General Pimenta de Castro seized power in 1914, but was promptly

dispatched (18:46-49;46:115-117).

Tied to England by a long-time defense treaty, Portugal entered the war in 1916, convinced that such action was necessary to protect and retain its African colonies. But things did not go well. Heavy casualties were suffered in France. At home, riots and poor crops continued, so food shortages occurred. Leftist army and navy units mutinied, but center and rightist army units took over the government in 1917, led by Major Sidonio Pais. He also failed to restore order and was assassinated in 1918. Disorder continued for the next eight years, marked by violent reactions to elections and "...military intervention in politics increased, and about half the prime ministers after 1919 came from the armed forces" (18:50). Keefe et al. reported that, between 1910-1926, there were seven general elections, forty-five governments, eight presidential elections, seven presidents and eighteen military coups (18:51). According to Richard Robinson, more military officers became involved in politics, and thought of themselves as national saviors (33:39).

By 1923, the general situation had improved: balanced budgets, stable currency and lowered public debt were achieved. Ironically, it seems all were dissatisfied and complained about the government. Reforms were too slow for the intellectuals and workers, and too fast for the middle class, rural landowners and the church. Businessmen felt burdened by taxes. Clergymen hoped to regain their lost status. People of Lisbon were tired of the civil unrest and anarchy. The Republic

was ending, "monarchial liberalism" and fascism were to replace it (22:173-175).

Dr. Salazar and the "New State"

Another rightist military coup occurred in 1926. It seemed that nothing else but a military-run government could survive, but economic problems had to be addressed so President (General) Carmona enlisted the service of Dr. Antonio de Oliveira Salazar, an economics professor from Coimbra University. "Austere and ascetic in his tastes, he was a skillful political manipulator with a capacity for ruthlessness who was a respected rather than a popular public figure" (18:51).

Salazar's 1933 constitution established the Estado Novo ("New State") and Portugal became a corporate republic (18:52; 47:119). The president was to serve seven-year terms and appoint a prime minister who would be responsible to the president. However, as prime minister, Salazar ran the government as head executive and legislator, controlled local governments and police, plus headed the only legal political party (18:52).

Salazar's new order emphasized nationalism, the family, the church and work cooperation - order, not disorder. He established a strong state, reorganized the military and police. He designed a national organization of industrial and agricultural groups. Despite the obvious trappings of a fascist organization, Dr. Salazar emphasized this set-up as being authoritarian, not totalitarian. Nevertheless, fascist paramilitary groups flourished. The military supported

him as the best political solution (33:53). Media censorship was established and expanded. Political police investigated threats to state security, especially the communists and their sympathizers (22:180-189). Also,

....other, less evident, forces were often more relevant in achieving the goals of the regime than the obvious censorship and police authority. This was true of the political pressures on civil servants, which led to a complete taming of most elements, including instructors and army and navy forces. From time to time, selective purges got rid of the most dangerous and acted as examples to the others. Also, in a small country like Portugal, highly centralized, political pressures affected many 'independent' professions, other than the civil servants. Sometimes the real political reasons for persecution were carefully omitted, professional or moral motivations being invoked instead. Pressure was also put on firms to dismiss or deny admission to politically unreliable people. And a whole climate of 'moderate' terror has been shrewdly established (22:189).

Politics aside,

Salazar had an exceptional grasp of the techniques of fiscal management and, within the limits that he had set for the regime, his program of economic recovery succeeded....What Salazar singlemindedly accomplished in a few years was a solvent currency, a favorable balance of trade, and surpluses both in foreign reserves and in the national budget (18:53).

Each department had to stay within its budget (46:120).

Most Portuguese remained poor, however, the burden of Dr. Salazar's (economic) policies falling upon the workers and rural people. Thus, little changes in their standard of living occurred. Foreign investment would be attracted by low wages and government stability, Dr. Salazar felt. Additionally, the colonies were expected to be both self-sufficient and give the motherland necessary trade surpluses to support itself (18:54). "In essence, he updated Portuguese

mercantilist policy: colonial goods sold abroad to create surplus at home" (18:54).

Prior to World War II, Portugal experienced good foreign relations, except with the Soviet Union. In response to Russian intervention in the Spanish civil war, Portuguese volunteers aided Franco's forces. Also, Salazar established the Portuguese Legion, a political militia to counterbalance the army (18:54). Unfortunately, the secret police became notorious during Salazar's regime. The International and State Defense Police (PIDE) had sweeping powers to pursue opponents. Many believed the PIDE kept the regime alive (33:54-56).

Despite fascist inclinations, Portugal remained neutral in World War II, and held steadfast to its British alliance (33:87). In late 1943, when the tide of battle had shifted to the Allies, access to Portuguese bases in the Azores and Madeira Islands was granted to the U.S. and Great Britain, which invaluabley aided the Allied ASW effort, and considerably shortened the aircraft logistics pipeline to Europe (20;32;45). Economically, Portugal gained from its neutral status and later Allied support by selling its colonial products, including copper, chromium, and wolfram (18:54;22:195). The country became very prosperous, the government stable, but many of the poor remained poor.

Portugal's steadfast anti-communist sentiment, recognition of the need to band together to resist the communists, international prestige reasons (per Luc Crollen in his 1973 book), plus its strategic geographical position (the Azores,

Madeira, and Cape Verdes Islands) were reasons for its charter membership in the North Atlantic Treaty Organization (NATO) in 1949, despite its non-democratic form of government (33:92;21). Lisbon in 1971 became headquarters for NATO's Iberian Atlantic Command (IBERLANT).

African Colonies under Salazar

Control over the African colonies was tightened under Salazar. They were expected to be more self-sufficient and less of a drain on Portugal itself. Admitted into the United Nations in 1955 (with U.S. sponsorship and part of a "package deal"), Portugal came under increasing fire for its colonial empire/policies, despite the fact that, in 1951, the African lands became provinces just like those in Portugal itself (18:55). A U.S. policy shift under President Kennedy, toward supporting the U. N. resolution against Portuguese colonies, upset U.S.-Portuguese relations....But the U.S. maintained its Azores' basing rights.

Armed resistance in Angola started in 1961, and in Mozambique and Guinea (or Guine) by 1964. By 1974, nearly 80% of its available forces were involved in Africa. These conflicts did not interrupt Portuguese economic benefits from the lands, and, in fact, provided local benefits: oil, social services, medicine, education and foreign investments (18:55).

Dr. Salazar was incapacitated by a stroke in 1968 and died in 1969. His successor, Marcello Caetano, was a moderate, not an economic, political wizard like Salazar. Caetano's

struggle for power with President Tomas eventually led, with other factors, to the 1974 armed forces coup. Keefe et al. pointed out a significant fact:

As the events of spring 1974 were to demonstrate the regimes of Salazar's New State and Caetano's Social State had depended on personalities. In existence for more than forty years, the institutions of the corporate state had never put down roots in Portuguese political soil. Apathy had not implied support. On April 24, 1974 --known since as the Day of the Red Carnations--the officers and men of the Armed Forces Movement (Movimento das Forças Armadas - MFA) ousted Caetano and Tomas, paving the way for a junta under General Antonio de Spínola to take command of the Portuguese Republic (18:57).

Revolution of the Flowers

Events leading up to the April, 1974 revolution have been well documented. The colonial overseas issues seem to be at the center of it all, or at least to have overshadowed other factors (33:176). All seemed to be tired of the colonial fighting which had been occurring since the late 1950's. The events in Mozambique, Guine and Angola gave rise to unrest among junior military officers, but the senior officers were unwilling to risk their careers in confronting governmental policies.

The armed forces had been the ultimate arbiters in Portuguese politics since the nineteenth century and, throughout the period of 1908-74, there had always been rumors that military conspiracies were afoot; that the armed forces were again going to put on the mantle of interpreters of the popular will and of the national interest. Sometimes the rumors had proved correct. Often nothing had happened (33:182).

Robinson observed that General Spínola's book, Portugal and the Future, espoused reforms and reflected the uneasiness of

the younger officer corps, many of whom were conscripts ("milicianos") in 1973 (33:184). Conflict arose between the regular officers and "milicianos" over training, pay and longevity. In addition to the questions over professional status, the inability to obtain modern weapons due to the U.S./ NATO embargo frustrated military officers. Such factors only served to enlarge, politicize and radicalize the Armed Forces Movement (MFA) over the political and economic issues, plus over war in general (18:380-381). Various protest groups met around the country, but rejected coup action in favor of professional protests. Among the leaders of the MFA, the leftist political view predominated. It was felt that the military was becoming scapegoats for the unpopular regime and failing foreign policy in the colonies.

Conscientious soldiers knew that a political solution must be found in the colonies, safeguarding the legitimate interests of Portuguese residents while allowing black self-government; and such a solution was beyond the capacity of the regime, which had to be replaced by a democratic system. The minimal points on which all conspirators were agreed, it seemed, were the two D's: democratization and decolonization (33:188).

The coup was planned around the action of a minority, such that inaction by the majority of officers would occur and/or register their support (33:190). Such seemed to be the case when the coup precipitated on 25 April 1974. Even the captain who captured Caetano did not know what the MFA's politics were. Most soldiers in Lisbon did not even know they were "rebels" and were given red carnations by crowds. Robinson points out that the coup was normal for the twentieth century because these events occurred in Lisbon while the rest of

the country just looked on; allegiances shifted rapidly; even some military units were too cautious to leave their barracks (33:193).

Anarchy describes the next two years. Yet the Portuguese resilience was never better demonstrated. Civil strife occurred but bloodshed was small. Civil war never did break out. Old colonies were granted independence. The economy was wrecked. But, only the "New State" died. To summarize the events--April 1974 until late 1975 marked leftist attempts at government, with attendant coups, until the current rightist swing occurred in late 1975. What Robinson calls the "superego of socio-political discipline" helped bring the 1974-75 events back into realistic perspectives--the economic and societal hard facts that the Portuguese people could not stand the chaos any more (33:195). Robinson and others have described the convoluted political spectrum of 1974, events in Africa, and General Spínola's fall from power (33:195-219). Again, Robinson points out,

The old problem so common between 1910 and 1926 of telling an intentona (a planned attempt to seize power) from an inventona (the invention by the opposing side of such a plan to further one's own purposes) remained, and still remains (33:219).

Events in Macao reflect little change in the status quo with China. But, in Timor, civil war after the April 1974 coup caused frightful loss of life, approaching 10% of the East Timorise population (33:224).

By November 1975, the majority had had enough of the leftward drift of the MFA, the PCP (Communist Party) and

anarchy, and altered these trends through the sixth provisional government and its military commandos (33:250). Things quickly wound down ("revolutionary exhaustion"). Political uncertainty could be replaced by a new constitution; the military could be phased out of politics; old western nation ties could be reestablished; and sober politics resumed (33:250-251).

Post-Revolution

25 November 1975 is a significant date for modern Portugal. The revolutionary process had turned into a democratic one, with the Socialists (PS) balancing the leftist communists (PCP) and People's Democratic Party (PPD). Robinson notes, "....the main preoccupation was not, however, the threat of a rightist coup, but the future relationship of the armed forces with the political parties" (33:253). Agreements were made which emphasized the operational, rather than political, soldier. General Ramalho Eanes, former Army Chief of Staff, was elected President of the Republic in June 1976, but, already in early 1976, he had begun restructuring the army into a small professional force, with new equipment and resolve toward its NATO mission.

The 1976 constitution delineated powers of the President, the assembly, government, courts and addressed the armed forces' "historical mission" and their (new) "rigorously non-partisan" stance (33:259). By 1977, the armed forces were "quiet", and General Eanes remained both as President and Chief of the General Staff. U.S. and West German aid was providing tanks and

aircraft. On the social academic scene, students who demonstrated now were confronted by police forces instead of military, and the police were ready to obey orders from the government (33:271). Portugal had changed a lot, political freedom had occurred, decolonization was fact, the economy was a mess, but other things had not changed - the gulf between city and rural, and the dominance of Lisbon (33:270-273).

Geographic and Social Environment

Portugal occupies approximately 36,000 square miles, including the Azores and Madeira Islands, or roughly one-sixth of the Iberian Peninsula. Bounded by the Atlantic Ocean to the west and south, by Spain to the north and east, and by the Pyrenees from the rest of Europe, Portugal has always been isolated, hence its traditional Atlantic orientation. The Madeira Islands (with two major islands) are located about 600 miles southwest of Portugal, off the northwest coast of Africa. The Azores Islands (with nine major islands) are located about 900 miles directly west of Lisbon. Both have provincial status and have been inhabited by the Portuguese since the fifteenth century. The Madeiras are famous for flowers, trees, fruit and wine. The Azores are known also for flowers, trees, agricultural products, fishing and for their airports (46:114).

Portugal's geographic regions have shaped the culture of the people living there. The Tagus (Tejo) River divides the country into a rainy, mountainous area to the north, marked

by small farms and vineyards. The central coastal region is drier, with pine forests and dunes, marked by farmer-fishermen. Lisbon, on the mouth of the Tagus, is a dichotomy of industry and small farms. Inland from Lisbon are larger farms, mining and light industry toward the plains of Alentejo where large-scale agriculture and cattle grazing occur on this very dry land. In the far south is the dry Algarve region, marked by the Moorish influence, cattle production, agriculture, fruit trees and fishing (6:424;18:59-67).

The climatic zones are influenced by effects of the North Atlantic low, the Azorean high, and winds from Spain and North Africa. Predominant winds vary by location and season. Coastlines have favorable weather, but the interior conditions range from intense heat in summer to winter rain and snow (18:68-69).

Rivers provide transportation, hydroelectric power and boundaries, the most important being the Tagus (Rio Tejo). Its mouth gives Lisbon one of the world's best natural harbors (18:70-71).

Portuguese soil is of volcanic origin like some of the western side of the Iberian Peninsula. Below the Tagus, it would support more agriculture, but due to the lack of irrigation, cattle and trees are raised. One-third of the land bears forest and tree crops (olives, cork, oak, almond and citrus).

Wildlife is like that found in central Europe and North Africa--wild goats, deer, fox, boar, wolves, lynx, plus predatory birds, fish, snakes, rabbits and other game (18:74).

Natural Resources. Mineral resources include: kaolin, granite, limestone, basalt, marble, anthracite coal, lignite, copper, iron ore, tin, titanium, wolframite, manganese, sulfur and lead. However, Portugal is "....largely mineral deficient and must import semi-manufactured metal products" (18:75). During World War II, Portugal was the world's largest producer of wolframite, which was important to war material production.

Salt continues to be extracted from the river channels near the coasts, where Portugal's fishing industry abounds with sardines and tuna. However, the fishing industry has been hurt by inflation, industrial pollution and oil spills during the last two decades.

Population and Living Conditions. General demographic statistics include:

- Population: including the Azores and Madeira Islands, was 10,045,000, with a 0.5% annual growth rate (July 1985).
- Ethnic Divisions: homogeneous Mediterranean stock in mainland, Azores and Madeira Islands; plus 100,000 black Africans who immigrated during the 1970's.
- Religion: 97% Roman Catholic, 1% Protestant, 2% other.
- Language: Portuguese
- Literacy rate: 80%
- Labor Force: 4.6 million (1983), composed of 37% services, 36% industry, 27% agriculture; unemployment 10.2% (June 1984) (29:969; 31:38-41;42:1).

During the 1960's, many male agricultural workers came to the urban centers seeking work. Others emigrated elsewhere in Europe, mainly to France and Germany, and to Brazil to find

work or avoid the "draft". Some joined the military. Hence, urban housing shortages occurred, agricultural wages rose, and an overall shortage of skilled workers hurt internal development. Land fragmentation accounted for some emigration, whereby the eldest son inherited the family property, so other sons had to leave. But, this practice had changed by 1986 (23). Land inheritance practices also negatively affected marriage and birth patterns. By 1970, the Portuguese birth rate and infant mortality rate were very high, and life expectancy was less, compared with other western nations (18:81-82).

Legacies of the 1974 revolution were inflation, high food prices, shortages of money to buy food, decline in productivity, layoffs and high unemployment. All of these troubles were exacerbated by nearly one million returnees from former African colonies and elsewhere in Europe. Additionally, the welfare system attempted reforms toward equalizing benefits (18:82;23).

Suburbanization around large cities such as Lisbon, Porto, Coimbra, Guimaraes accounted for much of the urban population increase, influenced by transportation and housing availability.

Male worker emigration resulted in an increase of females in the work force, a significant change from their traditional domestic role. By the 1970's, the work force had changed completely from its traditional agriculture orientation--by 1973, only 28.6% of the active population was agricultural, down

from 48.4% in 1950; and, according to a 1973 report, two of three workers who had left agriculture left the country instead of moving into industry (18:93). However, many of these returned later among the one million "retornados".

Assimilating the returnees was difficult. Many were encouraged to return to the rural, northern areas whence they left, but urban areas attracted them. Prejudice against returnees surfaced, as well as racial overtones (18:100-101). Substandard urban housing was only exceeded by that of the general countryside, where (in 1975) many villages had no electricity, 8% had no sewers, 33% lacked running water, 66% had no garbage collection (18:109-110). High rents took most people out of the urban housing market; inflation hurt governmental efforts to produce low and middle-income housing.

Social System. Eugene Keefe et al. made a very important observation:

The most distinctive feature of Portugal's social structure has been its remarkable continuity-surviving through time nearly unaltered. Except for distinctions based on class, Portugal has historically been characterized by few cleavages. The country was consolidated and unified in the thirteenth century, achieving nationhood at a time when most of the countries of modern-day Europe had not yet been created. It was never plagued by the ethnic, religious, and linguistic conflicts that marked the development of many of its European neighbors. Mainland Portugal is one of the most culturally homogeneous nation-states in the world. Ironically, the very stability - indeed stagnation - of Portugal's social structure may well have been a product of the country's homogeneity (18:115).

Early on, landownership was a determinant of power and prestige, but most peasants remained poor, isolated and

unaffected. By the 1970's, there existed three classes: the small, rich upper class, a larger middle class and a large rural lower class (18:115). The elite controlled the traditional centers of power--government, education, military, finance, church and industry. The middle class swelled by addition of skilled workers and technicians. The peasants (people, or "o povo") had different outlooks shaped by their region. Northerners had small land holdings, were generally conservative and held little social distinction; southerners did not hold much land, but were considered more active politically. Portugal was a corporate system before 1974, organized along occupational lines. But things really operated via personal lines of communication and patronage of the elite (18:115-116).

This hierarchical structure extended down into the primary patriarchal family system, where the male family head was the focal point. But matters of economic necessity really guided what happened in the family. However, changes brought on by effects of the 1974 revolution, by decolonization, by industrialization and urbanization, have been more upon the upper portion of Portuguese society. Striking balances have been key difficulties of government and social reforms since 1976 (18:116). Nonetheless, family ties remain important.

Religious Life. The Portuguese State owes its existence to Roman Catholic Church influence. Its missionaries were partners to Portuguese explorers. Church corruption and political events gave rise to occasional anticlericalism, but

church influence remains strong, especially in rural areas.

Protestants, small in number, seem to be better off than in Spain, per Keefe et al. (18:140).

Jews went through periods of tolerance, forced conversion or expulsion and are few in number today.

Education. Education before 1975 proceeded along class lines, focused on the middle class, but is now stressed for all. Lower priority traditionally was given to education, and educational differences existed between urban and rural areas. Basically, "scientific and technical training was inadequate for the needs of future economic development" (18:167).

Only in lyric poetry did Portugal excel. The Portuguese always seemed to prefer literature from outsiders to their own, according to Keefe et al. (18:167-168).

Macao. Macao remains officially a Portuguese enclave in China, but only at the discretion of the Chinese (6:424;42:2). It will not be addressed any further in this report.

Economic Environment

The recent economic situation can be summarized as follows:

- GDP: \$19.4 billion (1984); 15% government consumption, 69% private consumption; 30% fixed capital formation; -1% change in stocks; imports 7.3 billion, exports 5.21 billion in 1984, and nearly equal in 1986; -1.5% annual growth rate (1984); per capita income \$1930 (1984); average inflation rate 29.3% (1984).
- Currency: Escudo
- Agriculture: generally developed; 8.8% of GDP; main crops - grains, potatoes, olives, grapes (wine); deficit foods - sugar, grain, meat, fish, oilseed (12:1;23;42:1).

Dr. Salazar's authoritarian, conservative economic rule of forty years had solved some (domestic) economic problems, but left Portugal economically behind the rest of Europe. The burden of colonial wars only hid more serious problems--the economic oligarchy, growing separation between the rich and poor, and undeveloped agriculture. The growing industry lacked trained managers and workers. Ironically, the education system could not meet the needs of youth so they could take available industrial jobs, so many emigrated. Only the tourist trade and revenues sent from Portuguese workers abroad kept gold reserves and foreign exchange well (18:311,359).

Economic indicators rated Portugal low: its 1973 gross domestic product (GDP) of \$10.7 billion was twenty-first of twenty-four Organizations for Economic Cooperation and Development (OECD); GDP per capita was second lowest, ahead of Turkey; per capita gross capital investment and private per capita consumption expenditures were very low (18:311-312).

After the 1974 revolution, the economy took a worse turn. Decolonization labor demands, expectations of land reform, nationalization of farms and factories, unemployment, inflation, devaluation and trade deficits all had serious negative economic impacts. Foreign investors left the chaos.

By 1976, the upheaval subsided. Many foreign investors remained despite doubt for the future. The 1976 constitution had a socialist theme, and election results promoted positive feelings about Portugal's economic future (18:312-313). Despite the upswings and downswings, Robert Harvey (1984)

emphasized the overall resilient nature of the Portuguese economy (16:3). Recent trends are positive: the country's debt service is down; the government budget deficit is down (but food subsidies to nationalized industries are being cut)(16:10-16;23). An eighteen month International Monetary Fund (IMF) plan decreased national budget deficits and slowed the growing foreign debt, with exports rising 45% since 1983 (12:11).

Strategic industrial planning was underway in 1984. Goals included reducing Portugal's dependence upon oil imports by developing coal plants; discussing use of nuclear power sources, along with geothermal energy from the Azores; increasing exports; investing capital in the private sector; and reforming labor laws (16:16). Smaller firms in textiles, electrical, ceramics and glass industries are strong. Potential areas for development include forests and mining for copper, cadmium, tungsten and uranium. To help, labor reforms proposed less restricted job dismissals, and restrictions on strikes (16:19).

The financial system is opening its doors more to foreign investments. Portuguese admission into the European Community has reflected in increased French, British and German investments above U.S. levels. Cheap labor costs are a big attraction, but public bureaucracy is not. Reforms in the public sector are, in the Socialist government view, "the key to the country's long-term economic future" (16:19).

Harvey contends that Portuguese agriculture has great unrealized potential. Land reforms - breaking up collectives,

loans for buying more land, laws to prevent further inheritance land divisions, land swaps to allow fields to be closely grouped (caused by inheritance fragmentation) - are expected to promote productivity. Co-operatives are helping farmers share costly farm implements. But many cling to the old ways, ignoring "new" farming methods. Agriculture marketing and packaging remain poor; however, EC membership is expected to stimulate investments to raise farming standards and agriculture production, or else Portugal's trade imbalances will continue (16:19-20;31:41).

Major export trading partners are members of the EC/EFTA, including the United Kingdom (15%), West Germany (14%), France (10%), Italy (6%), United States (6%), and Netherlands (5%) (1980 figures). Import partners include West Germany (12%), United States (11%), United Kingdom (9%), Iraq (8%), France (7%), Spain (5%), Italy (5%) (6:424;42:1).

The value added tax (VAT) issue, part of the European Community (EC) requirements, is expected to cause more problems in the future for Portuguese trade. Already, the VAT has caused disagreements over U.S. grain imports and the Ground Based Electro Optical Deep Space Surveillance tracking station (48).

In the 1970's, automobiles accounted for 74% of passenger land travel, buses 15%, and trains 11%. Railroads handled only 10% of domestic freight. Air travel was small, but increasing. Most import and export goods are transferred by sea through Lisbon or Setubal. Inland waters are too shallow

for much transportation (18:367-372).

Government and Political Structure

Portugal (official name Republic of Portugal) is a parliamentary democracy. Its constitution was effective 25 April 1976, with a revision on 30 October 1982. Branches of the government include:

Executive:

- President (Chief of State, Commander-in-Chief of the Armed Forces).
- Prime Minister (head of government).
- Council of Ministers (government).
- Council of State (presidential assistants).

Legislative:

- Unicameral Assembly of the Republic (250 deputies).

Judicial:

- Supreme Court.
- District courts.
- Appeals courts.
- Constitutional Commission.
- Constitutional Tribunal (9 members, review legislative constitutionality).
- Based upon Roman law (12:1;29:969,973:42:1,4-6).

The President appoints the Prime Minister, in consideration of the highest popular votes received in the last election, and the Council of Ministers. The Prime Minister runs the government; he defines the government's policies and presents his plan to the parliament for debate. If the assembly accepts the program, the government is confirmed (12:1). Since 1976, there have been sixteen governments over Portugal.

Administrative Subdivisions/Boundaries: 18 districts in Portugal, 4 in the autonomous regions of the Azores and Madeira Islands. (Macao and Timor not included.) These districts were formerly called provinces and give the regions their names--the Minho, Tras-os-Montes, Douro, Beiras, Estremadura, Ribatejo, Alentejos and Algarve. Each district is subdivided into municipalities, then parishes. Lisbon and Porto have ward divisions between the municipalities and parishes (18:60-63).

Suffrage: universal over age 18.

Elections: national elections for parliament every four years, last held September 1985. National elections for president every five years, last held in December 1985 when Mario Soares was elected. Local elections are held every three years, last held in December 1985 (23:24).

Major political parties (with approximate 1985 voting strength):

- Portuguese Socialist Party (PS) (21%).
- Social Democratic Party (PSD), formerly Popular Democratic Party (PPD) (30%).
- Social Democratic Center (CDS) (8%).
- Portuguese Communist Party (PCP) (16%),
in a front coalition called United Peoples Alliances (APU).
- Party of Democratic Renewal (PRD) (18%)(23).

The October 1982 constitutional revision officially ended seven years of military supervision, when the Council of the Revolution was abolished. It had power over the armed forces and final constitutional judgment over all law (12:8). It also gave local governments substantial autonomy, including the

right for Azoreans to negotiate directly with the U.S. over use of Lajes Air Base (29:973).

Events surrounding the 1974 MFA revolution were addressed in the historical section of this chapter.

Major international memberships include:

- United Nations (UN)
- European Community (EC)
- European Free Trade Association (EFTA)
- Organization for Economic Cooperation and Development
- International Energy Agency (IEA)
(3:6;29:969;42:1).

Labor unions include:

- General Confederation of Portuguese Workers (CGTP - Intersindical) - Communist dominated and controlled.
- General Union of Workers (UGT)-
Comprised of Socialist (PS) and Social Democratic (PSD) trade unionists, a democratic alternative to the CGPT (3:6;42:7).

Military Structure

The President of the Republic is Commander-in-Chief of the armed forces which include units organized as discussed below.

Army Order of Battle. The Portuguese Army strength is 44,600, deployed into four military regions (northern, central, southern and Lisbon) and two military zones (Azores and Madeira) as follows:

- Continental Portugal Military Regions (41,350 men)
 - 1 Mixed Infantry Brigade, NATO (5000 men)
 - 1 Special Forces Brigade
 - 24 Regiments
 - 5 Independent Battalions
 - Azores Military Zone (2,000 men)
 - 2 Infantry Regiments
 - 1 Artillery Group
 - 1 Military Police Squadron
 - Madeira Military Zone (1,250 men)
 - 1 Infantry Regiment
 - 1 Artillery Group
 - 1 Military Police Squadron
- (Adapted from 8:519;12:I:2;23;26).

Army equipment includes:

- Tanks - M4, M24, M47, M48
 - Armored Cars - EBR-75, Chaimite V-200 APC, AML-60
 - APC - M113, M125A1, M106A1/A2, M577A2, EBR-VTT
 - Artillery - 105mm, 140mm, 150mm, 152mm, 155mm, and 234mm, including coastal guns
 - Mortars - 60mm, 81mm, 107mm, 120mm
 - Recoilless Rifles - 75mm, 90mm, 106mm
 - Anti-aircraft Guns - 40mm and 200mm
 - Tow missiles (ATGW)
- (Adapted from 8:519;12:I:2;8:II:5-8).

Naval Order of Battle. The Portuguese Naval strength is 11,400 men. Most ships and personnel are stationed at the main base in Lisbon, but at least one corvette or frigate is deployed to the Azores and Madeira Naval Commands, plus at least one patrol craft is stationed at each major port (26).

The Portuguese Marine Corps has 2,300 men organized into three battalions, plus support groups. Two of the battalions rotate between amphibious training and facility security duty,

the third battalion being the Navy's permanent shore patrol (20).

The fleet consists of:

- 3 Submarines
- 7 Frigates
- 10 Corvettes
- 2 Logistics Ships
- 3 Modern Landing Craft (LCT)
- 40 Auxiliary Craft (patrol, minesweepers, survey ships, tankers, repair vessels, tugs)
- 3 Meko 200 Frigates (planned)

(Adapted from 8:520;12:I:2;12:II:2-5;26).

Air Force Order of Battle. The Portuguese Air Force (PAF) strength is 14,400 men, including 2,000 paratroops and 400 pilots. It is organized into two combat commands and five administrative support organizations. One attack squadron and two search and rescue squadrons are attached to the Azores, the remaining units are stationed around the mainland (26). The Operational Command controls the 119 aircraft and 46 helicopters through 19 squadrons:

- 4 Fighter/Attack Squadrons
- 1 Phot/Reconnaissance Squadron
- 3 Transport Squadrons
- 3 Search and Rescue Squadrons
- 2 Liaison Squadrons
- 3 Training Squadrons
- 1 Helicopter Squadron
- 2 Radar Squadrons

PAF aircraft include:

- Vought A-7P, TA-7P
- Fiat G-91R
- Lockheed T-33A

- Lockheed P-3P
 - Cessna 337 Super Skymaster
 - Cessna T-37C
 - CASA Aviocars
 - Dornier RF-10
 - Northrop T-38A
 - DeHavilland DHC-1
 - Aerospatiale SA-330 Puma
 - Aerospatiale SA-316 Alouette III
- (Adapted from 8:520;12:I:2;12:II:1-2;12:IV:1-2,6;23).

Paramilitary Forces. The paramilitary forces consist of the National Republican Guard (GNR), the Fiscal Guard (GF) and Public Security Police (PSP).

The National Republican Guard is responsible for maintaining order in rural areas, reinforcing police organizations, and acting as the national highway police. In wartime, the GNR supports Army units in conventional defense. It possesses four Alouette II helicopters and has a strength of 14,700 men (8:519;20).

The Fiscal Guard consists of 8,540 men organized into four battalions and is responsible to enforce customs laws, to patrol frontier areas for smuggling and infiltration (26).

The Public Security Police is organized into 22 districts and has 14,660 men. It is the main police force in cities. It also has a two company intervention force for riot control (very heavily armed) and a Special Operations Group which performs counter-terrorist functions with three "commando teams" (26).

Summary

This chapter has presented a profile of the Portuguese Republic, setting the stage for Chapter III's findings and discussion of U.S. security assistance to Portugal.

III. Findings and Discussion

Overview

The origin of the military relationship between the U.S. and Portugal really began in 1943 when Portugal reluctantly granted access to its Azores bases for U.S. and British anti-submarine operations and for aircraft logistics flights. (Although, in 1918, the U.S. shared a naval base with the British at Ponta Delgada in the Azores) (1:288). The U.S. continued using Azores facilities after the war, based upon mutual defense agreements and within the framework of the NATO charter, with the U.S. and Portugal among the original signatories. Portugal's somewhat unlikely entry into NATO was entirely consistent with its strong anti-communist feelings and need for collective security. Continually one of the "lesser" NATO members, in terms of active role and contributions to the alliance, Portugal's bases are its predominant contribution. However, in the last ten years, the NATO allies, especially the U.S. and West Germany, have provided increased assistance to expand the Portuguese armed forces capabilities by modernizing its forces and installing a professional role for its soldiers. The African colonial wars from 1961-1974 debilitated the armed forces' strength, morale and professionalism, not to mention the collective effects of colonial loss upon all of Portugal. American aid slowly increased after World War II, but U.S. security assistance has

increased steadily since 1975; a reflection of the U.S. and NATO allies' effort to modernize Portugal's armed forces to fulfill their NATO roles. Various aspects of the U.S. Security Assistance Program are discussed along with Portugal's small, capable arms industry.

The Azores and U.S. Involvement

Facing each other from opposite sides of the Atlantic Ocean, with the Azores Islands in between, Portugal and the United States were inexorably drawn together by this geographic tie and world (war) history. President Washington sent the first U.S. emissary to Portugal in February 1791, but World War II cemented Portugal's geographic importance to American (Allied) interests in the Azores Islands (29:975; 42:7).

Despite political inclinations toward German and Italian fascism, Dr. Salazar recognized Portugal's basic need for the British alliance, which dated back to the Middle Ages, so he carefully avoided taking sides against the British by remaining neutral in the conflict (9:26). The British umbrella had assured Portuguese independence from Spain and France, and had helped preserve the Portuguese empire. As colonial powers, each needed the other to preserve the vital trade routes and lines of communication among the diverse territories in Africa and Asia. Portuguese ports resupplied the British ships which assured colonial security. Portugal even provided critical raw materials, e.g., wolframite, to Allied and Axis

countries.

By 1941, both the British and Americans coveted naval and air bases in the Portuguese Azores Islands, to counter the German submarine menace and avoid the long, indirect, arctic and tropic routes (air and sea) from Europe to North America. In the event of German entry in the area, U.S. forces were prepared to occupy the islands, but exercised restraint. Finally, in 1943, access to the Azores bases was absolutely imperative to the British war effort; the Anglo-Portuguese Alliance was invoked by England and base access (to the British) was granted. Salazar gave in to British requests because he correctly gauged that the Germans could not retaliate and because Churchill's (British) gratitude, respect for his regime in Lisbon and territorial guarantees would be invaluable (9:26).

However, Salazar restricted the base usage and put off American requests because "he suspected American economic and even territorial ambitions in the Azores" (9:32). After receiving an American guarantee for Portuguese sovereignty on 23 October 1943, agreement was reached 28 November 1943 (Luc Crollen states 28 November 1944, possibly a typographical error) for a U.S. air base on Santa Maria, but all facilities were considered Portuguese and U.S. usage rights were to end six months after cessation of hostilities (9:37-38;20:10). Crollen observed that Salazar desired to limit the quantity and size of American facilities to avoid adverse impact on the fragile economy and administration of the Azores (9:38).

Construction on Lagens (now Lajes) Air Base on Terceira Island began in January 1944, but flights had been passing through Santa Maria even before the formal agreement (20:10; 32:27;45:18-19). Aircraft ferrying routes to Europe, the Middle East and India were considerably shortened, saving time (40 hours versus 70 hours), wear and tear, fuel and support costs. Additionally, planes based in the Azores expanded sea surveillance and convoy protection, forcing German submarines away from the Azores and central Atlantic and allowing convoys to avoid the cold, northern passages to England without adequate air cover. According to the 1650th Military Airlift Support Wing Fact Sheet, as many as 900 aircraft and 13,000 personnel passed through the Azores monthly late in the war (4:2). By 1970, 560 flights per month stopped there (39:12).

After the war, the U.S. continued to use its Santa Maria Air Base in support of European occupation forces, despite the previous agreement. The bases were returned to Portuguese control in 1946, but base operations soon proved to be too much for the Portuguese to handle. U.S. strategic planners were able to renegotiate temporary U.S. rights into Lagens in September 1946, followed by a three year agreement on 2 February 1948 which, according to Weber, "set the stage for friendly relations between the two governments" (45:29). Weber quoted Portuguese Minister of Foreign Affairs, Dr. Caeiro da Matta, who said this agreement had "...manifest utility to the government of the United States, given its international responsibilities, with which at the moment it is burdened, in continuing

the transit through Lagens...." (45:27-28).

Dr. da Matta's comment referred to the post-war, growing U.S. entanglement in European restoration and anti-Soviet containment policy which needed Portugal's "services" (bases) (18:39). The Military Air Transport Service (MATs) continued service through Santa Maria (until 1954), and Lajes, for support operations during the following notable events: Berlin Blockade (1948), Czechoslovakian takeover (1948), Lebanon (1958), Berlin (1961), and more recently, the Israeli resupply (1973). Despite the advent of long range, large U.S. air transports like the C-5 and C-141, the importance of Azores bases to U.S. (and NATO) interests has not decreased for the following reasons:

- 1) The "Portuguese Triangle", between the Madeiras, Azores and metropolitan Portugal, covers about 333,000 square miles of ocean lines of communication from the south Atlantic to central Europe, the approaches to Gibraltar and the Mediterranean, European oil supply lines where 65% of Europe's oil and 57% of other major imports travel (36:75, 96-97).
- 2) Antisubmarine warfare (ASW), which relates to ocean surveillance, was the primary reason for having Azores bases and is returning to the forefront with the ever-increasing Soviet submarine threat (14:13; 32:20-28; 39:15).
- 3) Military Airlift Command (MAC) route flexibility-Lajes bases allow a type of hub-spoke concept for MAC operations with Lajes serving as a staging point for aircraft, material and personnel. Aircraft can carry heavier loads with refueling available at Lajes, and, even with in-flight refueling, alternate air routes are often constrained due to density, weather or other considerations (20:45-48, 55; 28:25; 32:20-28, 36-41).

- 4) Lajes can also be used as an alternate landing field in case of emergency (32:36-41).
- 5) Minimum reaction time - for TAC, SAC, MAC, RDF (Rapid Deployment Force) deployments and response to U.S./NATO operations, Lajes is essential for staging and refueling (32:43).
- 6) Force dispersal and security - U.S./NATO air and sea forces are not so concentrated and vulnerable (32:44).
- 7) Azores bases are not available to the Soviets and their allies (28:26;37:83).

In addition to Lajes Air Base and ammunition, fuel storage and communication facilities on Terceira, the U.S. has a radio relay annex on San Miguel (military communication) and on Graciosa (radio beacon for navigation). There are other Portuguese military facilities that have been built or improved with NATO infrastructure funds located elsewhere in the Azores (39:10,12). The maps in Appendix A locate major military installations in the Azores, Madeira Islands and on mainland Portugal.

On Azores Base Agreements

U.S. use of Azores bases has continued since 1944, both with and without a formally approved Portuguese agreement or treaty. Despite occasional political differences between the U.S. and Portugal, Lajes remains important to U.S. military carriers. So important that, as David Rennie quoted from a history of the USAF in Europe:

Lajes is....'the single most valuable facility which the United States Government is authorized by a foreign government to use' (32:1).

Initial agreement for use of Santa Maria air field was

made on 28 November 1943, as previously addressed. Air traffic was already utilizing the base as a refueling stop. After the war, and after the Portuguese realized they could not maintain the Azores bases, use of Lagens was restored to the British (and U.S.) for eighteen months by a September 1946 agreement (32:11-12;45:26). Then a three year agreement was made 2 February 1948, the basis for continuing friendly relations between the U.S. and Portugal (45:29). Crollen observes that the basis for these agreements shifted over the four year period (between late 1943 and early 1948) from the will to defeat the Axis alliance, to the need to maintain U.S. troops in the defeated countries, then to European security needs and to strengthen the common defense (9:54).

On 6 September 1951, the U.S. relationship with Portugal fundamentally changed with the signing of the "Defense Agreement between Portugal and the U.S." (herein called the 1951 Defense Agreement). This agreement drew upon wording of the NATO Preamble and implemented Articles 3 and 4 of the North Atlantic Treaty which included:

- 1) Use of Azores facilities in wartime during which the U.S. and Portugal are involved, in a NATO context;
- 2) Construction, expansion and improvement of facilities at Lagens, including oil storage, munitions, spare parts, etc., with all facilities property of the Portuguese government;
- 3) Apprenticeship and training of Portuguese personnel by the U.S., and training of U.S. military and civilian aviation personnel aboard Lagens, until construction projects were scheduled for completion in 1956;

- 4) Use of all facilities by NATO members in case of war;
- 5) Transit of U.S. military aircraft through Lajes within a NATO framework, but controlled by Portuguese personnel (occasional use by other NATO forces was allowed) (9:54-55).

A supplementary technical agreement of 15 November 1957 extended U.S. usage of Lajes (Lagens) until 31 December 1962 (39:13).

A change in the U.S. Government political climate occurred following the election of President John F. Kennedy. Already pressure in the United Nations had been rising over Portuguese African colonies. U.S. foreign policy shifted against the Portuguese foreign policy and affairs in Africa. Withholding U.S. base privileges was considered by Salazar, but this action was never taken. Salazar simply extended U.S. base rights on a de facto basis by letter on 29 December 1962. The Kennedy administration's foreign policy stance softened, convinced by the Pentagon's fear of losing access to Lajes (9:112-116). Agreement was reached on Azores lease extension 4 January 1963. This formed the basis for U.S. presence until 1979 (9:127). The cost of this agreement reflected in increased U.S. military aid--ships, aircraft and other support, for \$30 million between 1962-1968 (9:128).

The U.S.-Portuguese exchange of notes on 9 December 1971 extended the Azores Agreement "....for a period of five years dating from February 3, 1969" (39:13). The U.S. agreed to give Portugal \$435 million in economic aid for the ensuing three years, including monetary credits at favorable financing,

Export-Import Bank financing for development projects in metropolitan Portugal, loan of a U.S. hydrographic vessel, grants for educational projects funded by DOD, and excess non-military DOD equipment (9:129).

It should be noted that even after the 1971 exchange of notes on Lajes, U.S. use of certain facilities continued to be "rent free", but other economic and technical agreements were made (39:13).

The Lajes agreement expired 3 February 1974 and was extended automatically for six months in accordance with the lapsed agreement. During the summer of 1974, Portugal stated it would not ask the U.S. to withdraw. But, in April 1975, the Armed Forces Movement (MFA) leaders said the U.S. should leave. However, before such action occurred, the MFA rulers were removed (39:13-14).

A Memorandum of Understanding (MOU), effective 28 March 1979, amplifies the 1951 Defense Agreement between the U.S. and Portugal. This MOU addresses mutual cooperation in research, development, production, procurement and logistic support of defense resources and equipment in order to promote NATO Rationalization, Standardization and Interoperability (RSI) goals and to develop and maintain NATO industrial and technological capabilities (24:1979 MOU copy).

Negotiations to update and replace the 1957 Technical Agreement which was based upon the 1951 Defense Agreement were finally completed in late 1983 and signed by Portugal's Minister of Defense and the U.S. Secretary of Defense in

October 1984 (24). According to LtCol Wray, this agreement was finally ratified in January or February 1986, having been delayed by political issues in the Azores (47). This latest agreement provides the current foundation for the U.S.-Portuguese Defense Agreement first established 6 September 1951. It provides for an annual joint defense survey of Lajes and Terceira; better definition of U.S. Azores base rights; NATO Status of Forces; normal TDY of U.S. personnel expanded to 179 days from 90 days previously; and joint security (24: Background paper to the technical agreement).

James Keel, in his 1964 thesis on the Azores and MATS, addressed a pattern of delays between the expiration of one agreement and its replacement (15:13). This characteristic trend still occurs twenty-two years later. Examples include the 1983 Technical Agreement which was finally completed in 1986, and, more recently, the Ground based Electro-Optical Deep Space Surveillance (GEODSS) station, which was to be installed in mainland Portugal at Almodovar, but has been held up over political issues (48).

Portugal in NATO: Response to Threats

Portugal is an original member of NATO and has remained firmly committed to the alliance. The U.S. Foreign Broadcast Information Service (FBIS) reported on a Le Monde (Paris) interview on 8 March 1986, in which President Mario Soares of Portugal succinctly stated Portugal's current view of its NATO membership: "But we belong to NATO and no one now questions

that" (15:M2). This was in reply to a question referring to Spain's then upcoming referendum on NATO withdrawal and possible linkage to such feelings in Portugal.

How did a small, non-democratic (at the time) country become a party to the North Atlantic Treaty and NATO? Association with Britain since the Middle Ages and with the U.S. since 1943, coupled with strong anti-communist feelings and recognition of the need for collective security to resist its spread, and political prestige at home and abroad, were primary factors. Crollen suggests that the prestige factor may have been at least as important as the security factor, but his exhaustive study failed to prove which factor was the deciding one (9:55).

There were domestic critics of Portugal's participation in NATO, who saw the alliance as contrary to Portugal's traditional foreign policy of non-intervention and as no guarantee for the security of overseas colonies. Others (non-Portuguese) noted that Portugal, like Spain, was not democratic and should not have been included. However, Portugal's islands and ports were valued highly by the U.S. and Britain. While dictatorial Spain was not fit for NATO (1950-1982), Portugal was, with its strategic bases outweighing all other considerations (9:45-47; 25:90,93;28:11,19;36:89-90). Crollen observed:

From the very beginning, Salazar understood that the weakness of the Preamble of the North Atlantic Treaty would secure the primacy of anti-Communist ideology over the principles of liberty, equality and democratic government" (9:48).

Joining NATO to enhance the security of his government,

Salazar felt any leftist revolt would surely invite military assistance from powerful democratic allies (9:48). In fact, this expected intervention did not occur during the April 1974-November 1975 revolutionary period, despite extreme NATO uneasiness over a leftist Portuguese government (34:3).

The primary threat to Portugal today is still viewed as Communism, both from within and without (9:57;38). The Communists succeeded to government in 1974, because they were already organized and prepared to lead, but soon they were removed by military force and popular vote (in late 1975). Since 1976, their popular support has dwindled, reflected by a constantly decreasing vote percentage: 18:2% (1983), 16% (1985), but within a coalition (23;24). Response to the growing Soviet maritime presence (and to NATO commitments) is reflected by Portuguese acquisition of A-7P, P-3P aircraft and plans to build three Meko 200 frigates in Germany (12:5;17:87; 23;24).

Another possible threat to Portugal is Spain (23). Evolving from a Spanish kingdom, Portugal won its independence from Spain in the twelfth century, was subjected to Spanish rule for sixty years during the 1400's, and needed the British alliance to help assure and preserve its nationality against external (especially Spanish) threats. Presently, the U.S. umbrella has replaced the British one. Yet, in this century, the Portuguese-Spanish relationship has remained friendly and cooperative, but each jealously guards its national identity (36:77,85). An Iberian Friendship Agreement

was signed in 1977 (8:11). Franco's Spain was remarkably similar to Salazar's Portugal: neutral in World War II; fascist inclination, non-democratic government. Portugal supported Spanish membership in NATO in 1949 and regularly sponsored its membership until Spain was finally elected in 1982 (36:90). Spain continued to have internal political turmoil after Franco's death; this unrest continues today and is still viewed as a threat to Portuguese security (23;28). Sniffin observed:

While the convergence of present interests of the two states makes continued friendship desirable for both, a strong tradition of competition and insecurity remains in the relationship, especially for the historically weaker partner, Portugal. This tradition helps explain the jealousy with which the Portuguese guard their national identity.... (36:91).

Political unrest, a backward economy, and a relatively young democratic government are three factors grouped by this author into one factor called the "political-economic threat". As Col Martins explained, the Portuguese disdain politics, but remain talkative "experts" on it (23). Salazar's austere economic policies at home helped ameliorate conditions there during the 1930-1960 period, but were out of touch during the 1960-1974 period of emerging African nationalism. Portugal's industrial development lagged behind the rest of Europe due to Salazar's economic policies, which left the economy, in 1975, highly dependent on foreign exchange from tourism, remittances from emigrant workers and foreign investments (18:311-331, 356-357). Portugal misplaced its economic health at home upon reimporting of colonial raw materials instead of using

the raw materials itself to produce (23). Additionally, the populace was not educated or prepared to govern itself.

Portugal did not receive any economic aid from the Marshall plan, and small amounts of U.S. economic and military aid between 1945-1974, mainly because of Salazar's suspicion of foreign influences (18:325). Table I in the following section presents a comparison of aid received by NATO allies from 1945-1965. Robert Harvey reported on Portugal's problems (political, military, economic, industrial, labor) in 1984 and saw an important resilient quality to the Portuguese character (16:3). According to Col Martins, the Portuguese foreign debt rate and national deficit decreased over the last two years, as has the inflation rate, which is down to nearly 11% in 1986 (23). But the FY 1987 CPD describes an overall negative growth in Portugal's economy in 1984 and 1985 (40:II:110). Also, on the gloomy side, LtCol Meehan, USFORAZ Political Advisor, in a 1 December 1985 summary of political developments in Portugal, observes that

....serious economic problems continue to undermine political and governmental stability throughout Portugal, both in terms of domestic politics and in her foreign policy (24).

The DMS Market Analysis of 1986 points out that governmental changes have not fostered feelings of security within Portugal and with needed foreign investors (12:III:2).

Portugal's involvement in NATO has always been modest; its major contribution being base, port and other administrative command facilities like the Azores (air fields, fuel

dumps, traffic control centers, communication, etc.), Beja (German Air Force), Lisbon (port, naval base, operational control, IBERLANT headquarters) and Flores (French installation for missile tracking) (9:64-66;28:22).

In 1973, the Army maintained one independent brigade dedicated to NATO, trained to operate under nuclear conditions and to be mobilized in 30 days for service anywhere in Europe (9:63). Headquartered at Santa Margarida, it was undermanned, poorly equipped and trained because of the need for personnel and equipment in African colonial operations (9:65). At present, the brigade has been modernized with assistance from NATO allies and consists of 5000 men assigned to heavy armor units, a cavalry regiment, a mechanized infantry battalion and a support battalion; three units are at Santa Margarida and the remainder at Tomar, Abrantes and Leiria (12:I:2).

Portuguese Air Force (PAF) and Navy NATO responsibilities included (in 1973) six sea escort vessels and 18 ASW aircraft assigned to Commander, Iberian Atlantic Area (COM-IBERLANT), a subordinate to SACLANT (Supreme Allied Commander Atlantic). Portugal also contributed "as necessary" to the Standing Naval Force Atlantic (STANAVFORLANT) (28:22). In 1970, only three vessels and twelve old P2V (P-2) aircraft were assigned due to colonial demands. By early 1986, the situation had not improved much (12:II:2;9:63-64). However, six P-3P (P-3B) Orion aircraft have been purchased from Australia via Lockheed to fill the maritime surveillance role,

and three German Meko 200 frigates have been ordered with U.S., German and Dutch assistance (Table II) (12:II:2;47). These latter acquisitions are discussed in the next section and in Appendix B.

From 1961 until 1974, during the intense African colonial wars, only the Portuguese Navy operated with other NATO forces, especially the submariners, because they were not involved in Africa. The Army and PAF maintained only NATO staff-level contacts (26).

American Aid and Modernization

During the post war relief period, 1946-1948, Portugal (and Spain) received no economic assistance or military aid (9:91). Salazar was suspicious of foreign influences, believing any assistance could have possible undesirable "strings" attached, besides which Portugal's economy had not suffered like those of most other European countries (18:325;9:93). Later, under the Marshall Plan and Mutual Security Act, which lasted from 1949 until 1961, U.S. assistance to Portugal was still low by comparison with other European countries. Table I (next page) summarizes U.S. aid to NATO allies between 1946-1965.

TABLE I
U.S. Economic Aid and Military Assistance 1946-1965
(\$ in millions)

<u>Country</u>	<u>Total</u>	<u>Repayments and Interests</u>	<u>Total less repay- ments and interests</u>
Belgium	1986.7	229.3	1757.4
Denmark	923.1	39.4	883.7
Greece	3669.9	156.9	3513.0
Italy	6053.7	673.4	5380.3
Netherlands	2472.3	414.9	2057.4
Norway	1254.4	113.2	1141.2
Portugal	516.7	28.8	487.9
Spain	1863.9	147.2	1716.7
Turkey	4755.2	121.0	4634.2

NOTE: Non-military assistance to Portugal was \$186.3 million; military \$333.9 million during the period 1946-1966. Military aid of \$288.5 million for the period 1949-1961, dwindling to \$9.2 million in 1967, \$3.2 million in 1968, \$2.7 million in 1969. Economic aid was \$79.6 million for the period 1946-1959, \$109.9 million 1960-1965 (9:95-97).

Crollen asserts that while Portugal entered NATO and gave U.S. base rights not in consideration of economic and military aid possibilities, their receptivity toward such aid grew during the 1960's base agreement extension negotiations and such aid allowed more national resources to be diverted to the military (9:97). For example, the 1962 Azores base lease negotiations were consummated 4 January 1963, a cost to the U.S. of a \$69 million free loan, \$13.75 million for construction of three ships, thirty T-37C aircraft, aircraft engines, three destroyers and \$30.25 million "extra military assistance" from 1962-1968 (9:127-128).

The 1951 Mutual Defense Agreement provided "....for the furnishing of military assistance to nations which have joined with it in collective security arrangements" (35:3). This

formed the basis for equipping the NATO-designated division (now brigade) with surplus World War II equipment, ships, and aircraft. U.S. aid to the Portuguese military ceased under the 1961 embargo of American-made arms (to avoid use in Africa) but, according to Crollen and his sources, military aid to Portugal did not cease completely during the period 1961-1974, and U.S. economic and financial aid increased (Table II;9:96-97;35:3). Military assistance was a trickle, at most, by earlier comparison.

U.S. assistance was quickly renewed in 1975, designed "to assist Portugal's armed forces in achieving a sense of purpose, pride and professionalism through a modernization program" prioritized to (in order) the Army, Air Force (PAF) and Navy (35:4). The JCS plan that supported this intent envisioned:

- 1) An independent, mixed brigade with a NATO mission, under the Army.
- 2) A C-130H squadron to airlift the brigade, under the Air Force.
- 3) A fighter-interceptor squadron, under the Air Force.
- 4) A P-3C squadron for area surveillance, under the Air Force.
- 5) A frigate modernization program, under the Navy. (35:4).

A NATO Ad Hoc Working Group was formed to assist rapid implementation of the plan. In fact, Col Norman Smith assessed in 1981 that equipment came so fast--armored personnel carriers from the U.S., M48 tanks from the U.S. and West Germany--that this response has been identified (by Secretary of

State Haig and Deputy Secretary of Defense Carlucci) as the reason Army General Ramalho Eanes was elected President in 1976 and Portugal returned to the democratic camp (35:4). (It should be remembered that General Haig was NATO commander in 1976.)

Presently, the modernization program of the Portuguese armed forces is continuing generally as the initial plan projected, slowed by economic constraints, but aided by U.S. and NATO allies (12:II:1). Appendices B-E summarize offers, deliveries and plans. The PAF still intends to acquire an all weather interceptor and purchase several more C-130 aircraft (20). The Navy frigate program, shelved in 1984 due to funding problems, came back to life in May 1986 when Portugal obtained its share of the financing, the balance financed by the U.S., West Germany and other NATO sources (26:48). The frigate construction contract is scheduled to be signed 24 July 1986, with construction in West Germany (47). Table II, in the NATO assistance section of this chapter, reflects prospective funding of the frigates. Recent modernization orders are summarized in Appendix B.

The independent, mixed brigade headquartered at Santa Margarida, has been discussed in the previous NATO section of this chapter. Five Lockheed C-130H aircraft were delivered in 1977-1978, and four C-130H-30 stretched aircraft were expected to be purchased later (12:II:1). The Portuguese Air Force had wanted an interceptor like the Northrop F-5F, but

the F-5F proved to be too expensive. Consequently, the available and former U.S. Navy/Vought A-7A strike aircraft, upgraded to an A-7P, were substituted (23;26;34:40). The first order of twenty A-7P was delivered in September 1982. A second order of twenty-four A-7P and six TA-7P (two seat trainer) has recently been completed (12:II:1;23). Six P-3B Orion ASW aircraft were purchased in 1985 from Australia, using \$186 million in FMS credits to commercially fund the sale and upgrade. One aircraft is to be upgraded by Lockheed (in 1988) to the P-3P configuration, the remaining five to be modified at Oficinas Gerais de Material Aeronautico (OGMA), the Portuguese aeronautical depot (12:II:1;26;47). Appendix E summarizes the PAF modernization plan.

Last on the force modernization priority list is the Navy frigate program, finally coming to the construction stage after all financing has been settled (47;48). These new vessels are needed to give the Portuguese Navy the capability to meet its sea control role in the Atlantic and to perform its other duties protecting the national sovereignty of the Portuguese archipelago, where 80% of imports (of which 50% are food products) come by sea (30:1). Additionally, the Comandante Joao Belo class frigates are scheduled to be modernized with a provision for helicopters (12:IV:2;20). Appendix E summarizes the Navy's modernization plan.

Portugal's on-going economic problems, and the austere measures enacted to overcome them, adversely impact defense

budgets, resulting in a 25% decline in real terms since 1984 (21:4). As stated in the following U.S. Security Assistance section of this chapter, the Portuguese are using FMS Credits and MAP grants for acquisition of equipment, and IMET funds for military training. According to MAAG-Portugal information for FY 1984, U.S. security assistance (\$105 million) equaled 18.5% of the Portuguese defense budget, and Portugal's expenditures on equipment were 5.3% of total defense expenditures (43). Appendix F summarizes recent Portuguese arms expenditure figures and arms transfers in relation to the total government expenditures. U.S. aid is necessary to carry on Portuguese armed forces modernization.

Luc Crollen devotes one whole chapter in his 1973 book to the economic benefit of the NATO alliance to Portugal. He analyzes Portugal's economic growth in the 1960's, based upon its commercial dealings with its colonies; he detects a lack of importance placed upon foreign trade in relation to GNP and underestimation of the role of foreign capital in Portugal's development. He discusses the skyrocketing defense expenditures for colonial wars, rather than improving (NATO) forces at home (9:85-110).

In describing the economic considerations of the proposed FY 1987 Security Assistance Program with Portugal, the CPD states, "U.S. grant assistance and concessional FMS terms will help to alleviate Portugal's debt service burden" (40: II:110).

Portuguese Military: A Changing Role

The force structure and present composition of the Portuguese armed forces is discussed in Chapter II. The role of the military in Portuguese politics is also traced, the most noteworthy periods being the 1910-1926 tumultuous Republic era, and the most recent 1974-1975 revolution started by the MFA.

The Portuguese government has endeavored to develop a professional role for its military, that role being (performance of) its NATO duties. Developing this role involves both rearming and retraining the military forces. Retraining because, until 1974, all training and experience focused on the anti-guerrilla warfare in Portuguese African and Asian colonies rather than defense of the homeland or of Western Europe against communist subversion (18:388). Equipment used in the colonial wars was not sophisticated by modern standards (23). Overall, Portugal's military establishment was more primitive by comparison with its NATO allies (37:83). Redirecting the strategic and tactical mission of the military forces was expensive, as equipment and armament had to be changed, as well as thinking. NATO allies promoted the reorientation (see section on NATO and Modernization in this chapter). The DMS analysis observed:

Historically, the military has been the final arbiter of Portuguese politics and the ultimate guarantor of government stability. It is hoped that the redirection of its mission to an external defense role will divert it from either desiring or being forced to exercise that authority (12:III:2).

Since joining NATO, the U.S. influence was the major foreign influence upon Portugal's military organization, equipment and training, although some were trained in Britain, France and West Germany (18:395).

Robert Harvey, in his 1984 report on Portugal, considers the Army as the most significant threat to political stability, above the Communist Party, political party coalitions of convenience, presidential versus parliamentary power and political "barons" (16:7). He also observes that (in 1984), the Republic's president was a former Army Commander, General Eanes (President from 1976-1986); that numerous military candidates for political office exist; and the April 25th Association remains active (6:7). However, the military hierarchy supports separation from politics by reinforcing divisions among the services to make a coup difficult. A 1982 constitutional revision cemented civilian control of the military; but some conservative military leaders remain impatient over politicians not being able to control the economy. General Lemos Ferreira, Armed Forces Chief-of-Staff, has continually tried to "dampen the political ambitions of his brother officers" who look to the past and beyond NATO, stressing Army acceptance of civilian control contained in the new National Defense Law, the commitment and contributions to NATO by all Portuguese military (16:7-8;17:87-88).

Col Norman Smith, in his 1981 report on the MAAG-Portugal, contends that the traditional Portuguese maritime orien-

tation is the primary role to assist the U.S., but the Army's predominant political influence shapes the force modernization program (35:6).

The 1976 Constitution reconfirmed the role of the military in preserving the Portuguese Republic as an "instrument for peaceful development of the revolution....[They were to be] supervisors of the newly elected members of the democratic government," but were to serve all people and political parties (18:384).

The 1982 constitutional revision firmly established civilian control of the military, part of the on-going process of depoliticizing the military organization (12:III:2). For example, the Council of the Revolution, which controlled the military and had power to pass constitutional judgment on all Portuguese law, was abolished (12:III:1). Also, presidential powers were reduced, and most of the Marxist rhetoric of the original 1976 Constitution was trimmed (42:5).

The Superior Council of National Defense developed from this effort to effect civilian control over the military, and consists of:

- President of the Republic
- Prime Minister
- Armed Forces Chief of General Staff
- All high military chiefs
- Ministers of the Republic
- Presidents of the Regional Governments
- Representatives from Parliament (2)
- Ministers of Home Administration, Public Equipment and Transport, Finance and others (17:89).

Portugal's Constitution established the armed forces mission(s):

- 1) Safeguarding national independence, unity of the State, national territorial integrity.
- 2) Safeguarding the proper functioning of democratic institutions.
- 3) Fulfillment of the constitution (21:2).

PAF. Modernizing to meet its NATO mission is the paramount goal of the PAF (21:3). To achieve this, the first step is to reach NATO standard crew ratios through UPT (undergraduate pilot training) under the IMET program, by obtaining 13-15 UPT quotas per year (21:3-4). Competing with (behind) the Army and Navy for IMET courses, the PAF efforts to train its forces are hampered by lack of modern equipment on which to train and a lack of funds to carry on advanced training programs (21:4). Also, a recent U.S. security assistance policy change (current DOD policy denies expensive training like UPT under IMET) conflicts with Portuguese interests. High level negotiations resulted in restoration of forty-five UPT slots for FY 1986, 1987, 1988 (7:3;26). The PAF English language training capability has improved also (21:6).

Appendix E summarizes the PAF modernization plan.

Navy. The DMS Market Overview of 1986 flatly states that "Portugal's naval forces are unable to meet a NATO role in the Atlantic..." (8:II:1). The Portuguese publication, O Tempo, in a 1981 article on the Portuguese Navy, agrees that the Navy does not possess the means or equipment to

carry out its domestic responsibilities and NATO responsibilities, but argues that abandoning NATO would compound rather than reduce Naval responsibilities (30:1). Other problems include (in 1981): being undermanned - in total numbers, in petty officers (150 onboard, 400 authorized), in maritime police (total 200); having an operating budget which paid out 75% for salaries and benefits; having no missiles; possessing old ASW weapons and insufficient numbers of radar and sonar units (30:1-3).

The O Tempo article asserts that the three projected frigates will still not be enough to solve the Navy's needs, and laments that "despite its long and brilliant history [since 1300], the Portuguese Navy continues to be forgotten" (30:3). The Navy's modernization plan is summarized in Appendix E.

Army - Then and Now. War in colonial Africa and expulsion from Goa during the 1960's, plus the influx of university-educated (officer) conscripts, altered the traditional elitist, closed structure of the officer corps. Social change affected political ideas, and the legitimacy of the colonial wars was questioned. The Army expanded rapidly to nearly 200,000, but traditional volunteerism from the elite class dropped, so university students and even noted political activists were taken (19:578-579).

The MFA (Armed Forces Movement) in 1974 consisted mainly of Army officers who were politically inexperienced but firmly opposed return to fascism (the Salazar-type era). Despite

the (MFA) intention to get back to the normal defensive role, political events during 1974 and 1975 increased military authority in civil matters also (19:581). By 1986, the influence of the MFA was declining, due to governmental (constitutional changes) and armed forces hierarchical efforts to depoliticize and to restore professionalism.

Presently, the Army has reduced conscriptive service from four years to 12-18 months (23). Officers are trained at the Military Academy, recruited from Central School sergeants and high school graduates, plus some conscripts (19:583).

Despite the calm of today, Keegan (1979) and Harvey (1984) sense a "the praetorian tradition" which has not died among more radical, political officers in the Army (16:7;19:584).

Details of the Army's current modernization plan are included in Appendix D.

U.S. Security Assistance

Use of Portuguese facilities has been essentially "rent-free". In return, the U.S. has promised to continue economic and military aid to help modernize the Portuguese armed forces to perform their NATO missions and to promote Portuguese economic development.

Specific program objectives for Portugal include:

- 1) Help modernize the military to support Portugal's NATO mission.
- 2) Enhance Portuguese armed forces' ability to protect air and sea lines of communication.

- 3) Support acquisition of an air defense system for protection of the Azores.
- 4) Upgrade antisubmarine and maritime defenses by procurement of modern ships and aircraft (40:110).

Appendix G summarizes U.S. assistance to Portugal from FY 1975 through FY 1987 projections. Appendix H summarizes the 1950-1985 period. MAP grant aid totalled about \$710.9 million between FY 1950-1985; IMET program aid totalled \$31.8 million for the same period. Between FY50-FY84, FMS orders totalled \$246.0 million, but only \$67.7 million has been delivered; commercial sales receipts were \$28.4 million for the period (12:II:3).

According to the DMS Market Overview, the FMS Credits (also called FMS Financing), with MAP grants, provide Portugal with financial resources to achieve the force modernization goals (12:II:2). MAP grants and FMS credits have essentially increased every year since 1982. With MAP grants, Portugal secures the necessary extra foreign credits it needs to acquire the goods and service it could not otherwise obtain (12:II:2). Security Assistance Program elements have increased in recent years, and are anticipated to continue that trend if Portugal is to achieve the force modernization goals, with increased military and economic aid coming from NATO allies (see later section of this chapter on aid sources) (12:II:3). The proposed FY 1987 Security Assistance Program to Portugal is summarized in Appendix I.

MAP and FMS. Major items financed with FY 1985-1987 MAP grants and FMS credits include (see also Modernization section):

- 1) Three Meko ASW frigates to be built in West Germany.
- 2) Four C-130 Aircraft.
- 3) A-7P and TA-7P aircraft (completion of second squadron and trainers).
- 4) General equipment and weapon systems for the NATO brigade.
- 5) Ancillary equipment for an M48A5 battalion.
- 6) Formation of a second air-transportable light infantry brigade.
- 7) Ship modernization program.
- 8) Naval action speed tactical trainer.
- 9) Six P-3P ASW/maritime patrol aircraft (12:II:2;40:II:110).

The six P-3P aircraft were commercially funded with Lockheed using \$186 million in FMS credits. The aircraft already have been delivered but upgrade modification from P-3B to P-3P has not been completed (47). LtCol Lambertus reports that the Portuguese government intends to use MAP funds and FMS credits only for equipment acquisitions (21:3-4). Recent transactions, deliveries and offers are summarized in Appendices B and C.

Portugal is authorized Force/Activity Designator (FAD) III, using requisition priorities 03, 06 and 13 within the DOD logistics system, for its FMS orders (2). Most active FMS cases include A-7P and P-3P related items (2).

IMET. Portugal depends upon the IMET program to increase its own skill to manage defense resources. operate and maintain U.S.-supplied equipment, train military personnel and meet NATO commitments. Also, naval postgraduate, operations, communications, UPT (Undergraduate Pilot Training) and logistics support training are included under IMET (40:II:110). Due to government policy, only IMET and national funds are available for armed forces training, and, because defense budgets have declined 25% in real terms since 1984, the IMET funded training receives increased emphasis (21:4). Training priorities are the Army, Navy, and Air Force (21:4). Eighty-three students were trained under IMET in FY 1985; eighty and eighty-three are projected for FY 1986 and FY 1987, respectively (40:I:94).

The PAF's priority is on UPT to achieve NATO standard crew ratios, 13-15 quotas were needed per year. The Portuguese (government) views UPT training under IMET as a key indicant of the U.S. pledge to promote their force modernization (21:4-12).

ESF. Prior to FY 1985, all Economic Support Funds (ESF), one of the three Security Assistance Programs administered directly by the State Department, went to promote economic and social development in the Azores Islands, still one of Portugal's poorest regions (24). In FY 1985, ESF funds provided \$40 million to Azores projects, with the balance distributed to others as determined by the Portuguese government (24).

SDAF. The Special Defense Acquisition Fund (SDAF) finances acquisition of defense articles and services in anticipation of an approved FMS. These SDAF funds are not appropriated funds, but are built through the FMS surcharges, and require congressional authority to obligate the funds. The SDAF procurement candidate for Portugal for FY 1987 is tactical radios (40:I:108-109).

NATO Sources of Assistance

Portugal's modernization program for its armed forces has support from other NATO allies in addition to that from the U.S. Appendix C summarizes NATO deliveries and other equipment offers from NATO allies between 1976-1982. Such military assistance is essential to the on-going modernization plan instituted in 1975.

As previously mentioned, NATO, especially the U.S. and West Germany, was quick to respond to the Portuguese "situation" in November 1975. Recently, however, the frigate construction program was halted in 1984 due to funding problems, but resurrected in 1986 when Portugal obtained its share of the financing, with the balance from U.S., West Germany and other NATO allies (26;48). Table II reflects prospective funding contributions to the frigate program, shown on the following page. Albano Nogueira's 1985 essay referred to a recent NATO passiveness in responding to Portuguese requests for military aid, but did not further address this issue (25:93).

TABLE II

Portuguese Frigate Program, Prospective Contributions
(\$ in thousands)

<u>Country</u>	<u>\$</u>	<u>Items</u>	<u>Percentage</u>
USA	212	Engines, torpedos, missiles	35
FRG	170	Platform	28
Portugal	130	Communications	22
Netherlands	38	Tactical Displays	6
Canada	23	Sonar	4
France	13	100mm guns	2
UK	7	Helicopters	1
Norway	4		
Denmark	0.6		
Belgium	0.5		
Luxembourg	0.3		
Total	598.4		

(Note: the estimated funding gap of \$50 million does not include \$50-\$80 million for six helicopters) (26).

According to the Arms Control and Disarmament Agency (ACDA) 1985 report, the value of Portuguese arms receipts between 1979-1983 totalled \$260 million, of which the U.S. supplied \$100 million, West Germany \$130 million, and the United Kingdom \$10 million, and "others" supplied \$20 million (38:132).

West Germany (FRG) has been a major source of assistance for Portugal, providing DM (Deutsch Mark) 199 million (DM169 million in military aid and DM30 million in material) between 1978-1984. Through the end of 1985, the Germans were scheduled to provide DM45 million in aid as follows:

- DM6.0 million in communication equipment.
- DM4.3 million for OGMA plant machinery.
- DM2.5 million for four Condor APC vehicles.
- DM1.3 million for ILS and miscellaneous naval requirements as rescue boats, medical supplies, pressure chamber equipment and general supplies (12:II:3).

The Portuguese-German relationship can be traced back to World War II, when Vereinigte Stahlwerke (Krupp) controlled iron ore production at Moncorvo. Since the war, Portugal supplied raw material to the German steel industry in return for machinery, technology and finance which were essential to meet military needs during the African colonial wars. Explosives and rifles were produced at Fundiqao de Oeiras during the 1960's and also at the arms factory at Braço de Prata, with German cooperation. The FRG sent tanks, machine guns and broadcasting equipment (value \$55 million), plus 32 Dornier 27-type aircraft, 10,000 Israeli Uzi sub-machine guns, field hospitals and other medical support during the early 1960's. In exchange for her support, West Germany, in 1963, was granted use of a training base (Beja), training facilities (Santa Margarida), armories and warehouses (Castelo) and telecommunications facilities (Evora). Also, other arms and new weapons systems were to be sold to Portugal, offset by German orders of minor military equipment (ammunition) from Portugal (9:130-132).

Between 1965-1967, the FRG delivered to Portugal:

- 50 Dornier 23 (PAF)
- 60 Dornier 27 (PAF)
- 4 Noratlas (PAF)
- 60 F-86 Sabre (PAF)
- 40 Fiat G-91 (PAF)
- Fouga Magisters (PAF)
- Unimog (Mercedes Benz trucks) (Army)
- Rockets (Army)
- 3 Corvettes of 1400 tons each (ordered from Blohm & Voss of Hamburg, delivery planned for 1970, but delayed (Navy))

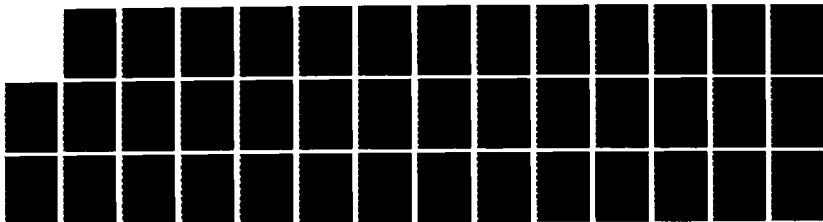
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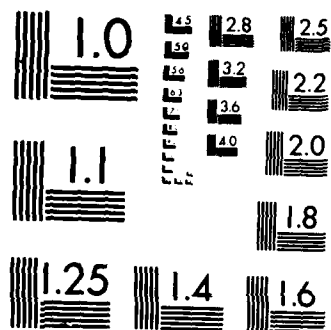
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Loans to Portugal from the FRG were nearly \$92 million between 1961-1963, which allowed Portugal to divert other national funds from other investments to colonial warfare purposes (9:132).

German-Portuguese relations soured during the late 1960's, resulting from F-104 crashes, from German budgetary problems, and from Portuguese requests for more aid. However, Crollen observes, "There can be no doubt that Bonn [FRG] remains one of the surest and strongest friends of Portugal in the Atlantic Alliance" (9:133).

British military assistance and arms deliveries from 1949-1963 totalled \$330 million, but decreased during the military equipment embargo period of the 1960's. Naval cooperation was the largest program with many Portuguese naval officers trained by the Royal Navy. Additionally, the British built many Portuguese warships, jeeps and light aircraft. In return, the British were granted use of naval and air facilities at Montijo on the mainland (9:133-134).

Prior to 1973, Holland and Belgium furnished some light transport aircraft (from Fokker/Holland) and FAL automatic rifles (F.N. factory/Belgium) (9:134). More recently, Holland will provide assistance for the frigate construction program (26:48).

France also was a source of war material during the 1960's. French long term loans helped provide financing for such sales, which included:

- Alouette III helicopters, 1968, \$3.15 million, equipped with French air-to-surface missiles.
- Electronics and illumination for overseas airfields.
- 20 warships, including 4 "Nantes" class frigates, 1964, with 2 delivered by 1968 (9:130).

Aeronautics Industry

Centered in Alverca, Lisbon, and Lires, the Portuguese aeronautical industry produces components and performs aircraft maintenance functions.

Oficinas Gerais de Material Aeronautico (OGMA) performs maintenance necessary for the PAF, USAF, and USN on aircraft, avionics, engines, structures, ground communications and radar equipment. Additionally, OGMA supplies parts and components to some European aerospace companies-Aerospatiale, Sacta, Siai-Marchetti and Turbomeca. In 1982, OGMA's aircraft engine repair facility was operational, increasing repair capabilities for military and civilian turbojet, turbofan, turboprop and turboshaft engines. Also, according to the DMS report, OGMA was working with the Skyfox Corporation of California to buy kits for conversion of old T-33 aircraft into the Skyfox aircraft (12:II:1-2).

OGMA was established in 1918 at Alverca, twelve miles north of Lisbon. Until 1940, it manufactured aircraft and engines for the PAF, including the Vickers Valpariso, AVRO 626 and Tiger moth; during the 1940's, it repaired and maintained JU 52 and JU 56 bombers, Gloster Gladiator, P-36, Hurricane and Spitfire fighters for the PAF. Interestingly, by 1960, OGMA had more capacity than the PAF needed, so work

on USAF, USN and German Air Force aircraft was assumed during the ensuing years, on the following aircraft types:

- A-6 (Grumman/USN)
- A-7 (Vought/USN/PAF)
- C-1A (Grumman/USN)
- C-2A (Grumman/USN)
- C-130 (Lockheed/USAF/PAF)
- C-131 (Convair/USAF)
- C-160 (Transall/German)
- C-212 (CASA/Spain)
- E-1B (Grumman/USN)
- E-2B (Grumman/USN)
- F-4 (McDonnell Douglas/USN/USAF)
- P-3A (Lockheed/USN)
- B-707 (Boeing)
- T-33A (Lockheed/USAF/PAF)
- T-37A (Cessna/PAF)
- T-38 (Northrop/PAF)
- FTB 337G Super Skymaster (Cessna/PAF)
- G-91 R3/R4/T3 (Fiat/PAF)
- MK.20 Chipmunk (DeHavilland/PAF)
- Turbo Commander 685/690 (Rockwell)
- Trush Commander (Ayres Co.)
- Turbo AG-CAT (Grumman)
- SA-313 Alouette II (Aerospatiale)
- SA-315 Lama (Aerospatiale)
- SA-319 Alouette III (Aerospatiale)
- SA-330 Puma (Aerospatiale)
- Hughes 300 (Hughes) (1:Atch 1:3-4;2:no page no.).

Air Force Logistics Command (AFLC) conducted a facility/capability survey of OGMA 6-9 July 1983, to determine how that capability could be used to meet USAF logistics needs in Europe, in the program for Overseas Workload-Europe (OWL-E). The

executive summary to the survey of OGMA stated its advantages as a European contract repair facility:

- 1) A privileged rear area geographic location.
- 2) A new, state-of-the-art engine facility.
- 3) A new, dedicated avionics repair factory.
- 4) A competitively low \$16.40 per hour labor rate (Apr 1983).
- 5) An opportunity to fulfill part of the 1979 Memorandum of Understanding (MOU) between the U.S. and Portugal.
- 6) An effort of industrial cooperation between the U.S. and Portugal (1:1).

The survey team concluded that OGMA has the capability to perform depot-level repairs and overhaul of general aircraft, engines, some avionics systems, and components; however, technical data, peculiar support equipment and systems training is necessary, with USAF management assistance, prior to commencement of task work (1:2).

OGMA performs aircraft repair work as part of the U.S. Navy's Naval European Rework Activity (NERRA).

Transportes Aereos Portuguese (TAP), located at Portela Airport in the Lisbon area, performs maintenance on Boeing aircraft and Pratt & Whitney (P & W) engines (12:II:2).

ALAR is a private firm in Tires and performs general aviation type maintenance and component production and is also an FAA-certified repair station (12:II:2).

Shipbuilding

Shipbuilding used to comprise most of Portugal's domestic arms industry, but the country's poor economic situation

resulted in no major naval projects since the revolutionary era (1974-1975) (12:II:2). Major shipyards and their construction experience are:

- Arsenal do Alfeite (Ministry of Marine) - auxiliary ships, patrol craft, corvettes, tankers.
- Estaleiros Navais Lisnave (Lisbon) - frigates.
- Estaleiros Navais de Viani do Castelo - frigates, corvettes, patrol craft.
- Naval Shipyards - patrol craft.
- CUF Shipyard (Lisbon) - coastal minesweepers (12:II:2).

Bravia SARL (Lisbon) produces armored vehicles and military trucks.

Ordnance

According to the DMS report, Portugal produces most of the light weapons and ammunition it requires. Keegan reports that Portugal also exports much ammunition. Fabrica Militar de Braco de Prata (FBP) of Lisbon manufactures 9mm submachine guns (model 48 and model 63), 7.62mm G3 rifles under license from West Germany, grenades, and mortars (61mm and 81mm) (12:II:2;19:583).

Defense Industrial Cooperation

"Defense Industrial Cooperation" (DIC) between the U.S. and Portugal has received increased attention recently. The OGMA facility/capability survey of 1983 resulted from correspondence between the American Ambassador to Portugal, the Honorable H. Allen Holmes, and General James P. Mullins, Commander, AFLC, on the subject of industrial cooperation and the 1979 MOU (1:1). According to the U.S. MAAG-Portugal

briefing summary, "DIC has become the litmus test of the two-way street", and any DIC "....negotiations have assumed great importance" (43:no page no.). It remained an issue of contention even in 1985 (7:3).

Arms Exports

Between 1973-1983, Portugal imported about \$430 million in arms, but also exported \$410 million in arms (12:II:3). Appendix F (ACDA statistics) reflect the upsurge in arms exports since 1976.

Summary

This concludes the findings and discussion of Chapter III. The next chapter summarizes answers to the research questions, and concludes with recommendations on areas for further study.

IV. Conclusion and Recommendations

Overview

The U.S. has defensive relationships with allies who have also granted U.S. access to their (military) facilities. Part of the defense relationship involves aid administered under the U.S. Security Assistance Program. Portugal is one such close ally of the U.S. Its strategic Azores bases remain essential to U.S. global operations and the ability of the U.S. to respond to threats in Europe, the Middle East, Africa and Asia. U.S. security assistance provides aid to improve Portuguese armed forces. This final chapter reviews the answers to the research questions, provides recommendations for further study, and ends with a few concluding remarks.

Research Questions

The research questions are repeated and answered in this section. Chapters II and III are organized and developed to provide the framework for answering the research questions.

Each question is followed by its answer.

1) How did the United States and Portugal become closely allied?

The U.S.-Portuguese alliance can be traced back to the 1943-1959 period, when Portugal first granted U.S. access to its strategic Azores bases in November 1943, when both nations

became original members of the North Atlantic Treaty Organization, and, consequently, when mutual defense agreements were made within the framework of that NATO charter. The cement for the bilateral U.S.-Portuguese alliance and NATO alliance is provided by a strong resolve to cooperate for mutual security against communist expansion. Portugal contributes with its strategic bases and consistent pledge to honor the defense agreement, the U.S. contributing with its strength of resources and world leadership position. The U.S.-Portuguese alliance has endured through government changes, wars, politics, recessions and time, and remains, in this writer's opinion, one of the strongest U.S. bilateral alliances today.

2) What are the internal and external threats to the Republic of Portugal that lead to U.S. security assistance?

Portugal's Dr. Salazar recognized early on that the spread of communism was a threat to the world, especially to the victorious Allies after World War II. He foresaw the need for collective security and NATO's role in providing that collective strength despite his suspicion of foreign influence (in Portugal) and despite Portugal's traditional foreign policy of non-intervention and neutrality. Today, the communist threat is still viewed as Portugal's primary external and internal threat. As a young democracy, Portugal is still trying to get itself in order, to recover from the debilitating political and economic effects of the 1974-1975 revolution and

loss of its African colonies. In effect, Portugal's economic and political system has had to change from a corporate, dictatorial state based upon the economic strength of its colonial resources, to a democratic, free state buoyed by the strength of its own national character and natural resources. The Portuguese are learning their lessons well, but continue to be hampered by serious economic problems which tend to undermine political and governmental stability (24). The communist's attempt to benefit from the turmoil, but continue to lose ground at the polls (23). Additionally, some view the Portuguese military, especially the Army, as a potential internal threat to the Portuguese Republic. Among other objectives, Portugal's force modernization plan is designed to improve military professionalism and depoliticize the armed forces. Constitutional changes (1976 and 1982) have strengthened civilian control over the military. Military divisions have been made more rigid to lessen the chances of a coup. The newest president (Soares) is not a general. But, if the "praetorian" influence within the Army is as strong as Keegan and Harvey stress, it will take more than ten years for the old habits (political involvement) to die. Harvey concludes, in 1984, that

The danger is less from the left-leaning April [April 25th Movement] clique, in the view of most observers, than from the rather conservative officers now running the army who complain that the politicians are taking too long to resolve the country's economic problems (16:7).

So the whole issue of internal threats to Portugal seems to revolve about the "political-economic" arena and signs are

positive to successful democratic resolution. Portugal's recent admission into the European Economic Community (ECC or EC) reflects European (ECC) confidence that Portugal is succeeding as a democracy, that its economy is resilient and its political instability less dangerous than it seems (16:3,20,22). However, the FY 1987 CPD projects that ECC entry may initially aggravate Portugal's budget deficit and economic problems (40:II:110).

Spain can be viewed as a potential threat to Portugal, albeit less than the others mentioned. Spanish political turmoil continues to be more violent than Portugal's revolutionary upheaval ever was. Portuguese-Spanish relations this century have been friendly and cooperative. Nonetheless, each still jealously guards its national identity (36:77,85).

3) What is the modernization program of the Portuguese armed forces?

Portugal's armed forces modernization program endeavors to develop a professional role for the military, and, thereby, to build military capabilities to fulfill two primary missions--NATO responsibilities and preservation of the Republic. Developing this role involves rearming and retraining. Rearming to upgrade their old, unsophisticated equipment, and retraining to redirect the traditional, anti-guerrilla doctrine used to maintain security in former colonies, and to depoliticize military officers (primarily Army) thinking and inclination.

The modernization program is prioritized to the Army, the Air Force, and the Navy. Recent equipment orders, deliveries and offers are listed in Appendix B. The Army modernization plan is presented in Appendix D. The PAF and Navy modernization plans are presented in Appendix E.

4) What is the present force composition and readiness of the Portuguese armed forces?

The present armed forces composition is outlined in Chapter II and will not be repeated here (see pages 49-52).

With respect to readiness, while the Portuguese military forces may be undermanned, short of certain skills, short of modern equipment, and short of funds, they use and maintain what they have very effectively (26). Lack of modern equipment (plus lack of operational modern equipment and training thereon) hampers their NATO operability. They have made great strides since 1976, and should have effective NATO forces within five years, based upon successful acquisition of modern equipment and development of operational capabilities resulting from the modernization program.

5) How does U.S. security assistance help the Portuguese achieve their modernization goals?

U.S. security assistance is an essential ingredient of the Portuguese force modernization plan. In his letter of 28 July 1986, Col O'Neill observes:

U.S. security assistance, as well as assistance from other NATO allies, is essential to the Portuguese armed forces modernization effort. Everyone realizes that. So far, the assistance has provided the wherewithal to get a good start on modernization. If current levels can be maintained, the Portuguese will have a very creditable force with pretty modern equipment (26).

U.S. security assistance to Portugal is summarized in Appendices G, H and I. Notes to recent Security Assistance Program levels (FY 1986 and 1987) are indicative of the importance given to Portugal's security assistance:

- 1) Of all European basing countries receiving Grant (MAP) and FMS credits, Portugal received the smallest percentage reduction in FY 1986.
- 2) Of all basing countries that receive security assistance (SA), Portugal received the highest percentage increase in the proposed FY 1987 SA budget.
- 3) The bulk of the Portuguese reduction in FY 1986 was in FMS credits at Treasury rates. However, Portugal received concessional credit for the first time in FY 1986, which represents a significant savings in interest payments (26).

In general, as summarized by the U.S. MAAG-Portugal, U.S. military assistance to Portugal is:

- Frugal in the face of substantial need.
 - Allows a modest training program.
 - [Helps] gradual equipment modernization.
 - May build in follow-on support shortfalls.
- Militarily and politically sensitive (43).

6) What major items are to be delivered to the Portuguese armed forces, under present agreements, through the next five years?

Major items to be delivered under present agreements, and anticipated orders through the next five years are

summarized in Appendix B. Appendix C addresses the 1976-1982 period. The author has very little "hard" data on expected delivery dates and can only make projections based upon available information. Appendices B and C provide insight into anticipated deliveries, based upon recent orders and offers.

7) Can Portugal afford its modernization program, and, by linkage, the U.S. security assistance program?

Portugal's on-going economic problems and the austere measures enacted to overcome them have adversely impacted the defense budget, resulting in a 25% decline in real terms since 1984 (21:4). FMS credits and MAP grants are being used for the acquisition of equipment and IMET funds are being used for training. In FY 1984, U.S. security assistance equaled 18.5% of the Portuguese defense budget, and Portugal's expenditures on equipment were 5.3% of total defense expenditures (43). Appendix F summarizes Portugal's defense expenditures from 1973-1983.

Without a doubt, U.S. security assistance is necessary to carry on the modernization program. The Portuguese also recognize that they have to do their part, too, using national funds. Portuguese intentions were made clear in their decision to go ahead with the Meko frigate program, which will cost the Portuguese over \$130 million (see Table II in Chapter III). The bottom line is that defense expenditures are very difficult, but will be made utilizing all means possible (26).

8) Are there other sources of aid (i.e., NATO) for Portuguese armed forces modernization?

NATO sources of assistance compliment U.S. security assistance to the Portuguese.

West Germany (FRG) is also a major source of assistance for Portugal, providing finances, equipment and training at levels exceeding all other NATO countries except the U.S. The Portuguese-German relationship predates that with the U.S.

The Anglo-Portuguese defense alliance goes back to the 1300's. The British still supply aid, but at much lower levels than the U.S. or FRG. The Netherlands and Belgium have also furnished light transport aircraft, and automatic rifles. France was an important source of war material during the African wars, providing warships, helicopters, tanks, rifles, guns and ammunition, in addition to loans. All of the aforementioned NATO allies are involved in the Portuguese frigate program; plus Canada, Norway, Denmark, Belgium and Luxembourg (26).

Recommended Areas for Further Study

The following recommendations for further study are based upon information collected and ideas which occurred throughout the research:

- 1) The "in country" portion of U.S. security assistance. How is it managed, how does it operate, how is it manned, etc.?
- 2) U.S. MAAG and Security Assistance Organizations. What is their personnel management system? Are the same

personnel rotated in and out (a closed loop process) or are different personnel assigned (an open loop process)?

3) The disbursement of ESF funds to and within a recipient country.

4) The Kasten Amendment to Public Laws 98-151 and 98-164, requires a Department of State report to Congress on voting practices in the United Nations. Basically, the amendment says no foreign assistance funding shall be provided to those found to be in consistent opposition to U.S. foreign policy. Can this really be enforced?

5) U.S. MAAG-Portugal.

6) "Defense Industrial Cooperation" - Is it a viable or empty expression?

7) The Portuguese modernization program in five years. How goes it?

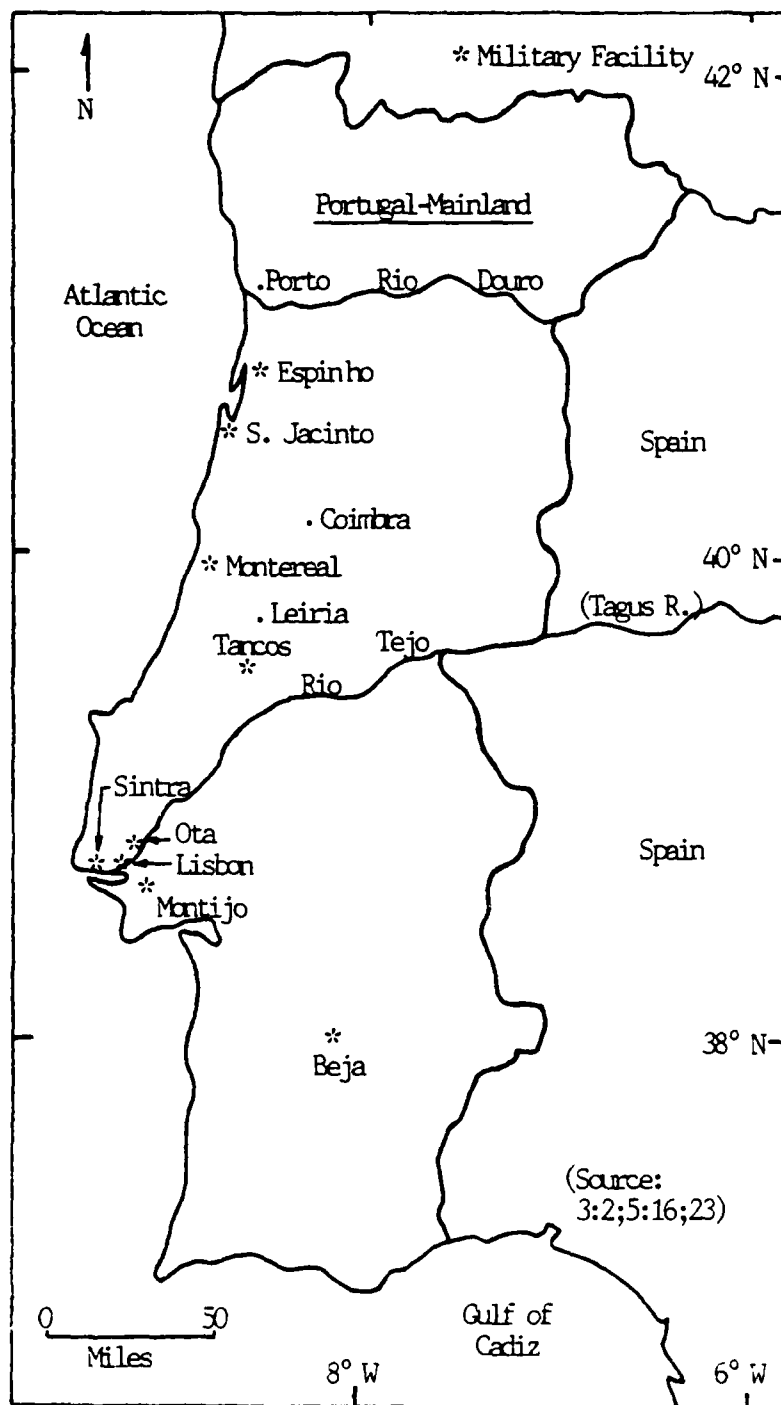
8) Leasing of military equipment by security assistance recipients. What are the legal ramifications? How much control does the leaser really have?

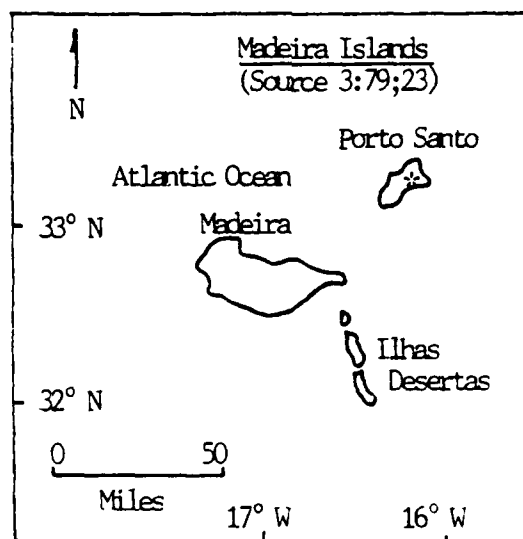
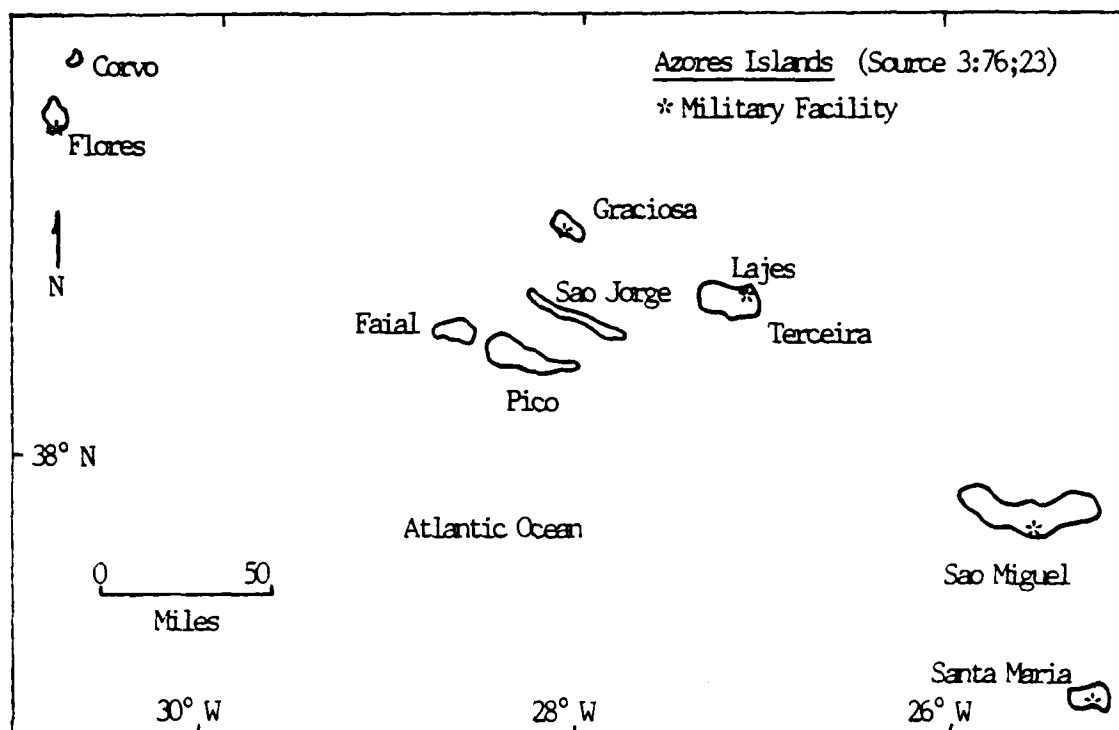
Concluding Remarks

Portugal is not one of the dominant members in NATO or in the political-economic affairs of Western Europe. Some even minimize Portugal's role; however, in the overall scheme of things, Portugal's strategic importance to the U.S. and NATO transcends its small stature in the international order. Portugal is always ready to serve, and is proud of its NATO commitment. Today, Portugal remains a staunch U.S. ally

in an era when many countries choose not to assume that title, while U.S. security assistance, in turn, reflects the U.S. commitment to Portugal.

Appendix A: Portugal - Mainland, Azores and Madeira Islands





Appendix B: Recent Equipment Order Summary for Portugal

Equipment transactions completed over the last three years and projected to occur between 1986-1991 are summarized below.

Aircraft: Vought A-7P and TA-7P

- LOA in March 1983 for 24 A-7P and 6 TA-7P, value \$112.5 million, Vought Corp.
- Contract actions (funds) on March, May, September, November 1983, March and September 1984.
- Second order of 30 aircraft delivery completed August 1985.
- Miscellaneous ammunition and equipment.
- Re-engined TA-7P, using TF41-A-400, scheduled completion September 1986.

Lockheed P-3P

- Commercial purchase by Portugal announced by Lockheed - California in June 1985.
- \$186 million funded by FMS credits.
- One aircraft to be modernized by Lockheed in February 1988, five scheduled for completion at OGMA by November 1989.

Lockheed C-130H

- Purchase of four to bring fleet total to nine.

Vehicles: Chaimite Armored Personnel Carrier

- Cadillac Gage Co., Warren, Michigan, September 1984.
- \$5.3 million for 82 modernization kits.

DAF 4-ton Trucks

- Assembled by EVICAR in Setubal, Portugal, from components sent from DAF in the Netherlands (July 1984-Januray 1985).
- Total requirement 1300 vehicles.

M113A2 Armored Personnel Carrier

- FMC Corp., Ordnance Division Engineering, San Jose, California, June 1985.
- \$87.8 million for 571 vehicles.
- Contract covered vehicles to Portugal and Egypt, completion by June 1987.

M48 Tank Transmissions

- Detroit Diesel Allison, Indianapolis, Indiana, June 1984.
- \$12.2 million for CD850-6A1 transmissions, oil filler kits and metal containers for tanks.
- Portugal and two other countries.

AMX-13 Tank

- Purchase of French made equipment from the Netherlands.
- Not firm yet; purchase, if made, includes APC and 106mm recoilless rifle ammunition (excess U.S. MAP).

Electronics: ASN-90 IMS Inertial Measurement System

- Singer-Kearfott, San Marcos, California, May 1983.
- \$4 million for A-7P ASN-90 IMS, airborne radar equipment.

AN/ALR-66 Surveillance and Targeting System

- General Instrument Corp., Government Systems Division, Hicksville, New York, July 1985.
- AN/ALR-66 (V)3 system for P-3P aircraft.

AN/APQ-126 Forward Looking Radar

- Texas Instruments, Dallas, Texas, July 1984.
- \$10.4 million for 30 systems for A-7P/TA-7P.

AN/ARN-118 Tactical Airborne Communications and Navigation Systems

- Rockwell International, Collins Government Division, Cedar Rapids, Iowa, May 1984 and June 1985.
- \$24.2 million for line items and spares.
- Portugal and 15 countries.

AN/URA-17(F) Frequency Shift Converters

- Gould Inc., El Monte, California, March 1984.
- \$3.7 million for converters and support equipment.

ASTT Attack Speed Tactics Trainer

- Singer Co., Silver Spring, Maryland, April 1984.
- \$8.4 million for ASTT trainer.

HR-3000 Radar

- Hughes Aircraft Co.
- Long range, three dimensional phased array radar for air defense, scheduled for integration into NATO's NADGE system (NATO Air Defense Ground Environment).

MK-182 Chaff Cartridges

- Tractor MB Associates, San Ramon, California, October 1984.
- \$3.8 million for chaff cartridges used on A-7P for radar jamming.
- Portugal and three other countries.

PRC-77 Radio

- Sentinental Electronics, Inc., Bristol, Pennsylvania, March 1983.
- \$3.1 million for radio sets and RT841 receiver transmitter.
- Portugal and three other countries.

Radar Spares

- Texas Instruments, Inc., Equipment Group, Dallas, Texas, September 1985.
- \$3.7 million for radar system spares.
- Portugal and four other countries.

Scimitar H High Frequency Combat Net Radio

- Marconi Communications, Chlemsford, United Kingdom, May 1983.

Frigates: Meko 200 Class (See Table II in Chapter III.)
Comandante Joao Belo Class (See Appendix E.)
(Compiled from 3:16;12:II:4-5;26;27:40;43).

Appendix C: Recent U.S./Allied Deliveries and Offers to Portugal

U.S. MAP Deliveries 1976-1982

Army: 86 M113A1 APC; 5 M48A5 tanks; special purpose trucks and trailers; mortar carriers; TOW launchers/missiles/carriers; anti-tank weapons (RR & LAW); communications equipment; NBC material; 2 M88A1 VTR, 6 155mm SP guns (M109), 2 AVLB.

Air Force: 12 T-38 aircraft (granted); 3 C-130H; other maintenance/material support; 20 A-7P aircraft.

Navy: Communications equipment.

Allied Deliveries

FRG: 50 (approx.) G-91 aircraft; 18 M48A5 tanks; 18 105mm howitzers; 398 trucks; 1 crane; 120 trailers.

Italy: 36 105mm howitzers; 36 rds of ammo (excess U.S. MAP).

Belgium: 3 T-33 aircraft.

Norway: 7020 anti-tank weapons (LAW).

UK: Recon and assault boats; light floating bridge; 24 105mm pack howitzers with 7,000 rds of ammo; 32 Ferret Scout cars w/spare parts.

Allied Offers

Belgium: 200 trailers.

Canada: SS-11 anti-tank launchers and missiles offered/accepted, not delivered. Assistance to frigate program.

FRG: FRG and Portugal have discussed equipment to be provided w/DM 45 million in military assistance during period Jan 80-Jun 81.

Luxembourg: Small amount of ammo.

Norway: Assistance to frigate program.

Netherlands: Probably provide naval assistance. Talking about providing some AMX-13 French tanks and APC-type vehicles. Provide 3,000 rds 106mm recoilless rifle ammo (excess U.S. MAP). Assistance to frigate program. (3:16).

Appendix D: Portuguese Army Modernization Plan

The Portuguese Army's modernization plan consists of four programs, listed below in priority order.

Program A: Completion and improvement in efficiency of the First Mixed Brigade (NATO) (to meet its NATO and national commitments).

- Completion of Tank Battalion
- Battlefield Surveillance Equipment
- Air Defense for First Brigade (Bde)
- Electronic Warfare Equipment
- NBC (Nuclear, Biological, Chemical) Warfare Equipment
- Completion of original Bde equipment (TOE)
- Substitution of worn out equipment

Program B: Acquisition of Equipment to form a separate Light Infantry Brigade (to provide the Army with a quick reaction force capability for national and NATO use, formed by combining the Commando Regiment with the Special Forces Group and superimposing a brigade structure, but each will retain its identity).

- Modernization of Commando Regiment
- Modernization of Reconnaissance Squadron
- Equipment for new Engineer Company
- Equipment for new Signal Company
- Equipment for new Service Support Unit

Program C: Modernization of Equipment of Three Infantry Battalions (northern, central & southern regions).

Program D: Air Defense Artillery (to build the Army portion of an integrated national air defense system).

- Portable Missile (Stinger)
- Firing Units (Vulcan)
- Firing Units (Chaparral)
- Firing Units (Hawk)
- FAAR Radars (20).

Appendix E: Portuguese Air Force and Navy Modernization Plans

The PAF modernization plan is to acquire aircraft and complete necessary maintenance and operational training in order to perform NATO and national missions. The Portuguese Navy plans to acquire and modernize frigates in order to perform NATO and national missions. Presented below is the PAF plan, followed by the Navy plan.

- Lockheed P-3P ASW Aircraft
 - .. Six aircraft purchased, one will be modified by Lockheed-California in February 1988 and the remainder will be modified by OGMA, completed by October 1989;
 - .. Aircrew training will begin in November 1986.
- Vought A-7P/TA-7P Aircraft
 - .. Fifty Vought-remanufactured A-7A/TA-7C purchased and delivered by September 1985;
 - .. 20mm gun removed from TA-7P aircraft;
 - .. TA-7P re-engined by Vought, using TF-41-A-400 engine used in USN A-7E.
- Lockheed C-130H Aircraft
 - .. Acquire four aircraft to expand fleet to nine.
- All Weather Interceptor
 - .. Plan to acquire, type not selected (F-5A was previously considered).
- Miscellaneous Ammunition and Equipment
 - .. Acquire updated material for A-7P and P-3P fleets.
- Undergraduate Pilot Training (UPT)
 - .. Acquire as many slots as possible;
 - .. Fifteen slots granted under IMET for each year, FY 1986-1988, forty-five total.

The Portuguese Navy's modernization plan follows.

- Meko 200 Frigates
 - .. Three to be built in the FRG.
 - .. Construction contract scheduled for signing on 24 July 1986.
 - .. Prospective funding contributions shown in Table II of Chapter III.
- Comandante Joao Belo Class Frigates
 - .. Plan to modernize, with provision for helicopters (Adapted from 12:II:2,4;26).

Appendix F: Military Expenditures, Arms Transfers, Exports and Imports
and Other Economic Data for Portugal, 1973-1983

TABLE I. Military Expenditures, Armed Forces, GNP, Central Government Expenditures and Population, 1973-1983, By Region, Organization, and Country — continued

YEAR	MILITARY EXPENDITURES (ME)		ARMED FORCES	GROSS NATIONAL PRODUCT (GNP)		CENTRAL GOVERNMENT EXPENDITURES (CGE)	PEOPLE	ME /GNP	ME /CGE	ME PER CAPITA	ARMED FORCES PER 1000 PEOPLE	GNP PER CAPITA
	Million dollars			Million dollars								
	Current	Constant 1982		Thousand	Current	Constant 1982	Constant 1982	Million	%	%	Constant 1982 dollars	Constant 1982 dollars
PORTUGAL												
1973	544	1067	276	9257	18158	3119	9.0	5.9	34.2	118	30.7	2017
1974	747	1347	282	10208	18412	3402	9.1	7.3	39.6	148	31.0	2023
1975	555	918	104	10520	17400	4035	9.4	5.3	22.8	97	11.1	1851
1976	478	748	83	11782	18437	4860	9.7	4.1	15.4	77	8.6	1900
1977	469	693	79	13133	19411	7026	9.7	3.6	9.9	71	8.1	2001
1978	513	706	82	14488	19939	5671	9.8	3.5	12.5	72	8.4	2034
1979	587	745	81	16631	21102	5484	9.8	3.5	13.6	76	8.3	2153
1980	679	790	88	18750	21837	6108	9.9	3.6	12.9	79	8.9	2205
1981	751	800	88	20350	21680	6623	9.9	3.7	12.1	80	8.9	2189
1982	803	803	89	22135	22135	7104 E	10.0	3.6	11.3	80	8.9	2213
1983	814	791	93	23016	22082	7890 E	10.0	3.5	9.9	78	9.3	2208

(Source 38:78)

E-Estimate

TABLE II. Value of Arms Transfers and Total Imports and Exports, 1973-1983 By Region, Organization, and Country — continued

YEAR	ARMS IMPORTS		ARMS EXPORTS		TOTAL IMPORTS		TOTAL EXPORTS		ARMS IMPORTS	ARMS EXPORTS
	Million dollars		Million dollars		Million dollars		Million dollars		TOTAL IMPORTS	TOTAL EXPORTS
	Current	Constant 1982	Current	Constant 1982	Current	Constant 1982	Current	Constant 1982	%	%
PORTUGAL										
1973	10	19	0	0	3072	6025	1862	3652	0.3	0.0
1974	20	36	0	0	4684	8448	2298	4144	0.4	0.0
1975	50	82	0	0	3914	6473	1939	3207	1.2	0.0
1976	40	62	30	46	4321	6761	1824	2854	0.9	1.6
1977	10	14	60	88	4951	7317	2023	2990	0.2	3.0
1978	50	68	70	96	5237	7207	2414	3322	0.9	2.9
1979	20	25	20	25	6776	8597	3593	4558	0.2	0.6
1980	50	58	40	46	9502	11066	4628	5389	0.5	0.9
1981	50	53	20	21	9951	10601	4180	4453	0.5	0.5
1982	80	80	110	110	9583	9583	4165	4165	0.8	2.6
1983	50	47	60	57	8134	7803	4559	4373	0.6	1.3

(Source 38:120)

E-Estimate

Appendix G: U.S. Security Assistance to Portugal, 1975-1987
(\$ in millions)

<u>Program</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	(proposed) <u>1986</u> <u>1987</u>
<u>Fiscal Years</u>												
<u>Military:</u>												
MAP Grants	0.1	1.3	31.2	24.8	26.9	29.9	51.0	21.4	37.5	60.0	70.0	70.0 75.0
IMET	0.3	1.1	1.1	2.5	2.3	1.8	1.8	2.4	2.0	2.9	2.9	2.3 3.0
FMS Credits								45.0	52.5	45.0	55.0	65.0 66.5
FMS Orders							21.9	36.2	132.1	17.2	90.0*	50.0*
FMS Deliveries							4.4	9.3	12.5	26.1		
Commercial Licenses approved							3.3	3.0	5.0	1.4	2.9	5.0 10.0
Foreign Military & Construction sales											16.7	100.0 100.0
<u>Economic:</u>	58.0	172.0	273.6	546.2	165.0	121.7	211.0	370.0	20.0	40.0	80.0	76.6 80.0*

Notes:

1. 1975-1982 data from (3:11); 1983-1987 data from (42:11:3; 40:111).
2. Economic data: 1975-1981 total program, unable to break out ESF; ESF for 1983-85, 87 shown. ESF for 1982 was 20.0.
3. * Estimates.
4. Blanks denote data not available.
5. FY 1982: FMS Credits extended until 10 Sep 1985; MAP was 20.0 per MAAC-Portugal slides(43). (Compiled from 3:11;12:11:3;40:11:61,66,72,101,111;43)

Appendix H: Portugal-Recent Security Assistance Facts
(\$ in thousands)

	<u>FY1975</u>	<u>FY1976</u>	<u>FY1977</u>	<u>FY1978</u>	<u>FY1979</u>	<u>FY1980</u>	<u>FY1981</u>	<u>FY1982</u>	<u>FY1983</u>	<u>FY1984</u>	<u>FY1985</u>	<u>FY1950</u>
<u>FY1975</u>												<u>FY1950</u>
<u>FY1975</u>												<u>FY1985</u>
FMS Agreements:												
12,758	317	622	725	1,065	23,059	21,833	33,129	132,046	17,204	16,665	259,463	
FMS Deliveries:												
11,425	616	250	1,186	726	1,259	4,378	9,256	12,504	25,540	97,729	164,870	
FMS Financing:												
(None FY1950-FY1981)												
						DOD Direct	-	-	-	-	55,000	55,000
						DOD Guaranty	45,000	52,500	45,000	-	142,000	142,000
						Total	45,000	52,500	45,000	55,000	197,500	197,500
Commercial Exports Licensed under the AECA:												
6,167	373	2,804	2,966	1,513	1,737	3,340	13,500	5,922	2,522	2,923	4,850	
MAP (includes Military Assistance Service Funded and Section 506 and excludes Training):												
312,139	1,249	30,668	22,429	28,622	31,351	51,163	10,058	25,492	10,189	-	523,359	
MAP Delivery/Expenditures (includes same as previous heading)												
311,695	758	1,132	20,740	8,739	16,971	15,113	72,655	15,969	42,333	10,406	516,517	
MAP Excess Defense Articles Program-Acquisition Cost (includes Military Assistance Service Funded):												
23,971	-	10	3	1	34,001	110,266	-	-	-	-	168,252	
MAP Excess Defense Articles Delivered-Acquisition Cost (includes Military Assistance Service Funded):												
23,949	-	8	25	1	246	37	974	-	-	-	25,240	
IMET Program/Deliveries (includes Military Assistance Service Funded and Section 506):												
11,256	1,086	1,122	2,536	2,286	1,794	1,807	2,286	2,027	2,900	2,960	32,060	
IMET Summary of Students Trained:												
2,990	188	215	128	129	85	68	72	85	74	83	4,117	

(Adapted from source 13)

Appendix I: Summary of Proposed FY 1987 Security Assistance
PORTUGAL

DOLLARS IN THOUSANDS

<u>SUMMARY OF 1987 FOREIGN ASSISTANCE PROGRAMS</u>	
ECONOMIC:	
ECONOMIC SUPPORT FUND	80000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTL NARCOTICS CONTROL	0
MILITARY:	
INTL MIL EDUCATION & TRAINING PROGRAM	3000
MILITARY ASSISTANCE PROGRAM	75000
FOREIGN MILITARY SALES CREDIT PROGRAM	46500
TOTAL FOREIGN ASSISTANCE	224500
ESTIMATED FMS AGREEMENTS	100000
ESTIMATED COMMERCIAL EXPORT LICENSES	10000

<u>FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS</u>	
ACTUAL FMS AGREEMENTS FY 1985:	16665
DEFENSE ARTICLES/SERVICES	16665
CONSTRUCTION/DESIGN	0
ESTIMATED FMS AGREEMENTS FY 1986:	100000
DEFENSE ARTICLES/SERVICES	100000
CONSTRUCTION/DESIGN	0
PROPOSED FMS AGREEMENTS FY 1987:	100000
DEFENSE ARTICLES/SERVICES	100000
CONSTRUCTION/DESIGN	0

<u>CONSOLIDATED DEBT REPAYMENT</u>			
	PRINCIPAL	INTEREST	TOTAL
CUMULATIVE REPAID			
AS OF 9/30/85	0	2749	2749
FY 1986	0	9073	9073
FY 1987	3000	17138	20138
FY 1988	9500	20552	30052
FY 1989	16000	20194	36194
FY 1990	19000	18263	37263
FY 1991	19000	18139	37139
FY 1992	19000	13992	32992
FY 1993	19000	11896	30896
FY 1994	19000	9691	28691
FY 1995	14342	7700	22042
TOTAL	137842	148287	286129
ANTICIPATED REPAYMENT OF PROPOSED FY 1987 LOAN			157611

<u>FMS FINANCING RESOURCES</u>			
	ACTUAL FY 1985	ESTIMATED FY 1986	PROPOSED FY 1987
TOTAL DIRECT			
CREDIT	35000	43065	66500
TREASURY	55000	9570	21500
CONCESSIONAL	0	33495	45000
TOTAL MILITARY ASSISTANCE PRGO	70000	66990	75000
TOTAL FINANCING RESOURCES	125000	110055	141500
FMS CREDIT USED TO FINANCE COMMERCIAL PURCHASES IN FY 1985			2254

<u>FOREIGN ECONOMIC AND MILITARY SUPPORT</u>					
	DOLLARS IN MILLIONS				
	1981	1982	1983	1984	EST
ECONOMIC DISB:					
U.S.	48	33	28	68	n.a.
OTHER	56	55	35	n.a.	n.a.
MILITARY DELIVERIES:					
U.S.	24	87	37	74	114
OTHER	33	56	24	11	n.a.
ECONOMIC/MILI- TARY RATIO:					
U.S.	1:0.5	1:2.6	1:1.4	1:1.1	0
OTHER	1:0.4	1:1.6	1:0.7	0	n.a.

n.a. - not available *Less than \$500,000

<u>ECONOMIC DATA</u>				
	DOLLARS IN MILLIONS			
	1981	1982	1983	1984
GDP	23927	23366	20668	0
PER CAPITA GDP**	2427	2353	2065	0
TOTAL BUDGET	0	0	0	0
TOTAL DEBT	10900	13600	14500	14900
FMS DEBT	0	45	98	143
PERCENTAGE OF FMS				
TO TOTAL DEBT	0%	0%	1%	1%
DEBT SERV RATIO	22%	27%	26%	35%

*Less than \$500,000 **Full dollars 0=not available

(40:II:111)

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This report traces U.S.-Portuguese relations from 1943 to the present. Today, the U.S. Security Assistance Program translates U.S. aid into resources and is improving Portugal's security by modernizing its armed forces. Strengthening Portugal's military to assume their proper role in NATO also enhances U.S. security.

The analysis was accomplished by review of available, accessible literature. Relevant data was identified and amplified by interviews with security assistance experts and with experts on Portugal. A recursive process of reviewing U.S. Government reports, books, theses, and other publications, revealed the historical basis for the current U.S.-Portuguese alliance, and the acute, on-going need for assistance to develop Portugal's military. The results of this research clearly indicate the importance of the Azores bases as a key link in the U.S. ability to respond to threats around the world.

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